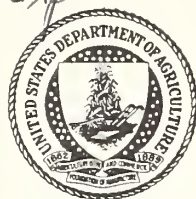


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U.S. Department of Agriculture

VOL. 3

1976 BUDGET EXPLANATORY NOTES

Rural Development Service
Rural Electrification Administration
Farmers Home Administration

Soil Conservation Service
Food and Nutrition Service

LANGUAGE CHANGES

C O N T E N T S

(Volume 3)

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RURAL DEVELOPMENT SERVICE

Purpose Statement

The Rural Development Service was established by Secretary's Memorandum No. 1730, Supplement 1, dated September 3, 1971. The central responsibility of the Rural Development Service is expressed in Section 603 of the Rural Development Act of 1972 which directs that the Secretary of Agriculture assume responsibility for coordinating a nationwide rural development program utilizing the resources of all Federal departments and agencies in coordination with state and local government rural development programs.

The basic goal to be accomplished by RDS is to improve coordination and communication among Federal agencies involved in developmental programs in rural areas. This improvement will be achieved by:

- (a) Increasing the awareness of other Federal agencies of the effects of their program decisions on rural areas, and working with them to make their resources more easily available to rural areas;
- (b) Providing guidance and technical assistance to state and local elected officials, public bodies, private organizations, and individuals seeking Federal assistance in rural development;
- (c) Training rural leaders in the essential techniques of local development.

All staff employed by RDS are located in Washington, D.C.

Available Funds and Man-Years
1974 and Estimated, 1975 and 1976

Item	Actual 1974		Estimated 1975		Budget Estimate 1976	
	Amount	Man-Years	Amount	Man-Years	Amount	Man-Years
Rural Development Service.....	\$751,000	15	\$990,000	29	\$1,308,000	39
Deduct allotment to other agencies	---	---	-25,000	- 1	---	---
Total, Rural Development Service..	751,000	15	965,000	28	1,308,000	39

	<u>1974 Actual</u>	<u>1975 Estimated</u>	<u>1976 Estimated</u>
End-of-Year Employment:			
Permanent Full-Time.....	19	31	42
Other.....	--	1	1
Total.....	<u>19</u>	<u>32</u>	<u>43</u>

Rural Development Service

Appropriation Act, 1975.....	\$ 955,000
Budget Estimate, 1976.....	<u>1,308,000</u>
Increase in Appropriation.....	+ 353,000

Adjustments in 1975:

Appropriation Act, 1975.....	\$955,000	
1975 Supplemental Appropriation for pay costs	<u>35,000</u>	
Adjusted base for 1976.....		990,000
Budget Estimate, 1976.....		<u>1,308,000</u>
Increase over adjusted 1975.....		<u>+ 318,000</u>

SUMMARY OF INCREASES AND DECREASES
(On Basis of Adjusted Appropriation)

	1975	Increase or Decrease	1976 Estimate
Within-grade increases.....	\$ ---	\$+ 8,000	\$ 8,000
Rural development training.....	---	+ 26,000	26,000
Research support and planning.....	---	+ 49,000	49,000
Increased personnel.....	---	+ 231,000	231,000
Annualization of pay cost increase effective in 1975.....	35,000	+ 14,000	49,000
Printing, Postage, Communications, etc...	---	+ 10,000	10,000
GSA Space rental cost.....	53,000	- 20,000	33,000
All other.....	<u>902,000</u>	---	<u>902,000</u>
Total available.....	<u>990,000</u>	<u>+ 318,000</u>	<u>1,308,000</u>

PROJECT STATEMENT
(On Basis of Adjusted Appropriation)

Project	1974	1975 Estimate	Increase	1976 Estimate
1. Program coordination and direction..	\$ 673,643	\$990,000	\$+318,000 ⁽¹⁾	\$1,308,000
Unobligated balance.....	77,357	---	---	---
Total available or estimate.....	<u>751,000</u>	<u>990,000</u>	<u>+318,000</u>	<u>1,308,000</u>
Transfer of information activities from Economic Management Support Center...	-65,000			
Transfer of Economic Development Division activities to Economic Research Service.....	<u>2,003,000</u>			
Total Appropriation.....	<u>2,689,000</u>			

EXPLANATION OF PROGRAM

The Rural Development Service was established by Secretary's Memorandum No. 1730, dated May 13, 1971, and Supplement No. 1, dated September 3, 1971. RDS provides coordination for the programs of USDA and other departments and agencies of the Federal Government that can be brought to bear on the problems of development in rural areas. It also assists the Secretary in carrying out his responsibilities under the coordination requirements of the Rural Development Act of 1972. The Rural Development Service conducts regional rural development conferences to discuss responsibilities and working relationships in rural development, conducts rural development leadership schools which offer comprehensive training to leaders in rural America who have had little or no formal training in rural development, and provides information and technical assistance to the public, state and local governments, Congress, and other departments and agencies in the Federal Government seeking assistance in rural development.

INCREASES AND DECREASES

(1) An increase of \$318,000 for rural development coordination and direction consisting of:

(a) An increase of \$26,000 for rural development training (\$60,000 available in fiscal year 1975)

The National Rural Development Leaders School is a week-long educational and motivational course in the process of rural development. Each school provides about 110 small community or rural area leaders with a course in the essential techniques of rural development. The course includes training in identifying problem areas and developing comprehensive development plans, information on financial and technical assistance available to rural areas, and case studies of successful development efforts in other communities. This increase would provide for an additional rural development leaders school, for a total of three in fiscal year 1976.

(b) An increase of \$49,000 for research support and planning

Section 603 of the Rural Development Act of 1972 requires the Secretary of Agriculture to develop goals for rural development in five areas: employment, income, population, housing, and community facilities. The Rural Development Service does not have the research capacity needed to establish goals in their final form and to implement a system for maintaining their validity. The increase is requested for computer services needed to coordinate the more than 500 Federal domestic program applicable to rural development and for consultant services to assist in establishing goals for rural development.

(c) An increase of \$231,000 for increased personnel

At the present time, work distribution in RDS is made on the basis of individual workload rather than on functional assignment. The proposed staff increase would permit expansion and restructuring of RDS along functional lines. The achievements that would be possible with the requested increase and with related reorganization are as follows:

- a. Better state and local coordination - more timely responses to requests for rural development assistance received from community, county, substate, state, individual sources, or forwarded by the Congress.

- b. Volunteer service - closer and more extensive work with public service organizations at the national, state, and local levels to generate rural development initiatives and to provide procedural and technical guidance in support of such initiatives.
- c. Public information - establish contact and exchange of information with small community newspapers, radio and TV stations, and with national association publications, to provide useful rural development information to small communities and field interest.

- (d) An increase of \$14,000 for annualization of pay increases effective in fiscal year 1975

The pay increase approved in fiscal year 1975 became effective October 13, 1974, and is funded in fiscal year 1975 for only 186 compensable days. The requested increase will provide for 76 additional compensable days in fiscal year 1976.

- (e) An increase of \$8,000 for within-grade increases
- (f) An increase of \$10,000 for increased overhead costs, communications, printing, postage, etc.
- (g) A decrease of \$20,000 for space rental costs

TRANSITION BUDGET

Rural Development Service

Transition Budget Estimate.....	\$355,000
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JUSTIFICATION OF TRANSITION BUDGET ESTIMATE

The funds requested represent one-fourth of the budget estimate for fiscal year 1976, adjusted for within-grade pay increases.

STATUS OF PROGRAM

The Rural Development Service was established to help people who live in rural America by assuring that Federal agencies and departments extend their programs and resources to all rural areas. RDS also assists and advises organizations and individuals involved in rural development efforts, and provides staff assistance to the Secretary of Agriculture in carrying out his responsibilities under the Rural Development Act of 1972.

SUMMARY OF MAJOR AGENCY PROGRAMS

Rural Health Programs - The Rural Development Service and the Farmers Home Administration are jointly funding a rural health study in northern Mississippi. The study is addressed to health problems which affect all rural areas of the United States. The area of northern Mississippi that is coterminous with the State's Health District No. 3 was selected for an analysis of critical rural health needs because the area is rural, has a relatively low income structure, contains a sizable minority population, and has a growth center (Tupelo). Also, Health District No. 3 is the first of Mississippi's newly established health districts to be operational.

The study is being conducted by a research firm experienced in rural health care delivery systems. The research team plans to develop an integrated conceptual model of rural health care needs and facilities and to contrast the conceptual model against the actual conditions of rural health in Mississippi with regard to evolving national criteria for rural health. In addition, the study will provide FmHA with standards and guidelines in funding rural health facilities under Title I of the Rural Development Act of 1972. The study report is expected to be available by April 1975.

In addition, RDS is studying the incidence of chronic illness in rural America to determine whether increased preventive medicine efforts on behalf of rural Americans should be a basic part of rural development initiatives.

National Rural Development Leaders School - The Rural Development Service has conducted one national and three regional rural development leaders schools. The regional schools covered the northeastern, southern, and northwestern United States and RDS is presently planning to conduct a fifth regional school to cover the western part of the United States. Each school has approximately 110 participants from rural communities who are given an intensive programmatic educational experience in planned development in rural areas. Participants at the school usually are local government officials (small town mayors, rural county commissioners and other rural government officials), local leaders in rural communities, and members of various public groups interested in rural America.

In addition to the rural leaders schools, the Rural Development Service plans to conduct two rural development roundtables for state and local government officials and other local community leaders during the remainder of fiscal year 1975. It is expected that the training of rural citizens will continue at approximately the same level in fiscal year 1976.

Technical Assistance for State and Local Governments - The Rural Development Service is in the process of establishing, and will make fully operational during fiscal year 1976, a one-stop service center for state and local government officials and interested rural community leaders seeking Federal assistance. Requests for assistance, and the identification of available and applicable Federal programs, will be researched by RDS and possibly referred to the appropriate Federal agencies. This service will be a significant step forward in coordinating and expediting efforts of the Federal establishment to help rural America.

Information Service - The Rural Development Service responds to public and Congressional requests for information and publications. In fiscal year 1974, 4,000 requests were handled and 300,000 copies of publications and rural development informational items were distributed. The informational activities of RDS are the focal point of inquiries with regard to Federal assistance for rural development.

RURAL ELECTRIFICATION ADMINISTRATION

Purpose Statement

Rural Electrification Administration

The Rural Electrification Administration was established by Executive Order 7037 on May 11, 1935, to make loans for the extension of central station electric service to unserved persons in rural areas. Statutory provision for the agency was made in the Rural Electrification Act of May 20, 1936. REA became a part of the Department of Agriculture on July 1, 1939, under Reorganization Plan II. On October 28, 1949, Public Law 423 amended the Act to authorize loans for the furnishing of rural telephone service.

Public Law 93-32, enacted May 11, 1973, amended the Rural Electrification Act of 1936, as amended, to establish a "Rural Electrification and Telephone Revolving Fund" (RETRF) for the purpose of making insured loans to REA electric and telephone borrowers. This Act also authorized REA to guarantee loans made by other lenders at rates and terms agreed upon between the lender and the borrower. Insured loans bear either two or five percent interest in accordance with criteria specified in the Act, and must be repaid within a period not to exceed 35 years.

The headquarters of REA is Washington, D.C. As of December 1974, there were 757 full-time employees in permanent positions. Of these, 578 are Washington-based and 179 are field employees. REA does not maintain field offices and the field personnel work out of their homes.

Rural Telephone Bank

Public Law 92-12, approved May 7, 1971, amended the Rural Electrification Act of 1936, as amended, to establish the Rural Telephone Bank as a supplemental source of financing for the growing capital needs of rural telephone systems. Public Law 92-324, approved June 30, 1972, further amended the Act to permit the Secretary of the Treasury to purchase the bank's debentures.

Public Law 93-32, approved May 11, 1973, further amended the Act to increase the bank's borrowing authority from eight to 20 times its paid in capital and retained earnings, and to eliminate the previously required disclaimer of any government guarantee on debentures issued by the bank. It also provided that the bank charge a single interest rate, based on the average cost of money to the bank, but not less than 5 percent per annum, in lieu of the former provision for a range of interest rates on loans based on the borrowers' ability to pay. Bank loans must be fully amortized over a period not to exceed 50 years. Nearly all loans to date have been for 35-year periods.

The Rural Telephone Bank is managed by a telephone bank board consisting of 13 members. The Administrator of REA serves as Governor of the bank until conversion to private ownership, control, and operation, which takes place whenever 51 percent of the Class A stock issued to the United States and outstanding at any time after June 30, 1985, has been fully redeemed and retired. The bank board holds at least four regularly scheduled meetings a year. Activities of the bank are carried out by the existing REA employees and employees of the Office of the General Counsel.

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Available Funds and Man-Years
1974 and Estimates, 1975 and 1976

Item	Actual 1974		Estimated Available 1975		Budget Estimate 1976	
	Amount	Man-Years	Amount	Man-Years	Amount	Man-Years
Rural Electrification Administration:						
Salaries and expenses.	\$ 17,498,600	760	\$ 19,685,000	821	\$ 20,198,000	816
Loan authorizations:						
Rural electrification:						
Insured loans.....	618,000,000	---	700,000,000	---	618,000,000	---
Loan guarantees...	1,005,000,000	---	1,286,000,000	---	1,286,000,000	---
Total electrification loans....	1,623,000,000	---	1,986,000,000	---	1,904,000,000	---
Rural telephone:						
Insured loans.....	140,000,000	---	200,000,000	---	140,000,000	---
Loan guarantees...	---	---	200,000,000	---	160,000,000	---
Total telephone loans.....	140,000,000	---	400,000,000	---	300,000,000	---
Total loan authorizations.....	1,763,000,000	---	2,386,000,000	---	2,204,000,000	---
Rural Telephone Bank....	817,582,342	---	872,185,000	---	780,148,000	---
Obligations under other						
USDA Appropriations:						
Farmers Home Administration, Salaries and Expenses for nonmetropolitan district planning...	25,000	1	---	---	---	---
Total Agricultural Appropriations.....	2,598,105,942	761	3,277,870,000	821	3,004,346,000	816
Other Funds, reimbursements.....	15,000	---	20,000	---	20,000	---
Total, Rural Electrification Administration and Rural Telephone Bank.....	2,598,120,942	761	3,277,890,000	821	3,004,366,000	816

	1974 <u>Actual</u>	1975 <u>Estimated</u>	1976 <u>Estimated</u>
End-of-Year Employment:			
Permanent Full-Time.....	760	759	759
Other.....	8	10	10
Total.....	<u>768</u>	<u>769</u>	<u>769</u>

(a) Loan Authorizations

	Loan Authorization	Estimated Loans
<u>Electrification Loans</u>		
Insured Loans:		
Appropriation Act, 1975.....	\$700,000,000 <u>a/</u>	\$700,000,000 <u>a/</u>
Budget Estimate, 1976.....	618,000,000	618,000,000
Change.....	<u>-82,000,000</u>	<u>-82,000,000</u>
Loan Guarantees:		
Appropriation Act.....	1,286,000,000 <u>c/</u>	1,286,000,000 <u>c/</u>
Budget Estimate, 1976.....	1,286,000,000	1,286,000,000
Change.....	<u>---</u>	<u>---</u>
Change from 1975.....	<u>-82,000,000</u>	<u>-82,000,000</u>
<u>Telephone Loans</u>		
Insured Loans:		
Appropriation Act, 1975.....	200,000,000 <u>b/</u>	200,000,000 <u>b/</u>
Budget Estimate, 1976.....	140,000,000	140,000,000
Change.....	<u>-60,000,000</u>	<u>-60,000,000</u>
Loan Guarantees:		
Appropriation Act, 1975.....	200,000,000 <u>c/</u>	200,000,000 <u>c/</u>
Budget Estimate, 1976.....	160,000,000	160,000,000
Change.....	<u>-40,000,000</u>	<u>-40,000,000</u>
Change from 1975.....	<u>-100,000,000</u>	<u>-100,000,000</u>

PROJECT STATEMENT
(On Basis of Loan Authorizations)

Project	1974	1975 (Estimated)	Increase or Decrease	1976 (Estimated)
1. <u>Rural electrifi-</u> <u>cation loans</u>				
Insured loans.....	\$ 618,000,000	\$ 700,000,000	\$-82,000,000 ^{1/}	\$ 618,000,000
Loan guarantees.....	1,005,000,000 ^{c/}	1,286,000,000 ^{c/}	---	1,286,000,000
Total.....	1,623,000,000	1,986,000,000	-82,000,000	1,904,000,000
2. <u>Rural telephone</u> <u>loans</u>				
Insured loans	140,000,000	200,000,000	-60,000,000 ^{3/}	140,000,000
Loan guarantees.....	---	200,000,000 ^{c/}	-40,000,000 ^{2/}	160,000,000
Total.....	140,000,000	400,000,000	-100,000,000	300,000,000
Total Loan Authorization.....	1,763,000,000	2,386,000,000	-182,000,000	2,204,000,000

PROJECT STATEMENT
(On Basis of Actual or Estimated Loans)

Project	1974	1975 (Estimated)	Increase or Decrease	1976 (Estimated)
<u>1. Rural electrification loans</u>				
Direct loans.....	\$ 594,000	---	---	---
Insured loans.....	618,000,000	\$ 700,000,000 ^{a/}	\$-82,000,000 ^{1/}	\$ 618,000,000
Loan guarantees.....	974,433,000 ^{c/}	1,286,000,000 ^{c/}	---	1,286,000,000
Total.....	1,593,027,000	1,986,000,000	-82,000,000	1,904,000,000
<u>2. Rural telephone loans</u>				
Insured loans.....	140,000,000	200,000,000 ^{b/}	-60,000,000 ^{3/}	140,000,000
Loan guarantees.....	---	200,000,000 ^{c/}	-40,000,000 ^{2/}	160,000,000
Total.....	140,000,000	400,000,000	-100,000,000	300,000,000
Total Loans.....	1,733,027,000	2,386,000,000	-182,000,000	2,204,000,000

a/ The Appropriation Act for Fiscal Year 1975, Public Law 93-563 provides an indefinite authorization of not less than \$700,000,000.

b/ The Appropriation Act for Fiscal Year 1975, Public Law 93-563 provides an indefinite authorization of not less than \$200,000,000.

c/ There are no limitations for guaranteed loans in the Appropriation Acts.

EXPLANATION OF ELECTRIC AND TELEPHONE LOAN PROGRAM

The loan authorizations of the Rural Electrification Administration are used to carry out the provisions of the Rural Electrification Act of 1936, as amended. The objective is to assure that rural communities have access to reliable electric and telephone service. REA conducts two loan programs: (1) the rural electrification program, to provide central station electric service to farms and other rural establishments; and (2) the rural telephone program, to furnish and improve telephone service in rural areas.

Insured loans are financed from the Rural Electrification and Telephone Revolving Fund (RETRF) and bear interest at either a standard rate of 5 percent or a special rate of 2 percent, in accordance with criteria specified in the Act, and must be repaid within a period not to exceed 35 years. Non-REA loans guaranteed by REA bear interest rates agreed upon by the lender and the borrower.

Electrification Program Statistics
(Dollars in thousands)

	1974 Actual	1975 Estimated	1976 Estimated
Cumulative net loans (direct and insured)...	\$9,364,746	\$10,064,746	\$10,682,746
Cumulative funds advanced.....	\$8,428,891	\$ 9,120,891	\$ 9,811,891
Unadvanced funds, end of year.....	\$ 935,855	\$ 943,855	\$ 870,855
Cumulative principal repaid.....	\$2,821,125	\$ 2,982,070	\$ 3,166,689
Cumulative interest paid.....	\$1,519,642	\$ 1,660,294	\$ 1,819,571
Cumulative loan guarantee commitments-net...	\$ 974,433	\$ 2,260,433	\$ 3,546,433
Cumulative miles energized - end of calendar year (thousands) (estimate).....	1,801	1,839	1,876
Cumulative consumers served - end of calendar year (thousands) (estimate).....	7,857	8,287	8,732
Number of borrowers.....	984	985	985

Telephone Program Statistics
(Dollars in thousands)

	1974	1975	1976
	<u>Actual</u>	<u>Estimated</u>	<u>Estimated</u>
Cumulative net loans (direct and insured)...	\$2,287,396	\$2,487,396	\$2,627,396
Cumulative funds advanced.....	\$1,998,530	\$2,175,530	\$2,357,030
Unadvanced funds, end of year.....	\$ 288,866	\$ 311,866	\$ 270,366
Cumulative principal repaid.....	\$ 410,491	\$ 455,591	\$ 505,191
Cumulative interest paid.....	\$ 302,870	\$ 337,820	\$ 377,425
Cumulative loan guarantee commitments-net...	\$ ---	\$ 200,000	\$ 360,000
Cumulative route miles of line constructed or improved - end of calendar year (thousands) (estimate).....	638	665	697
Cumulative dial subscribers, new and improved services - end of calendar year (thousands) (estimate).....	3,031	3,226	3,450
Number of borrowers.....	871	880	884

INCREASES AND DECREASES

(1) A decrease of \$82,000,000 for rural electrification insured loans (\$700,000,000 available in 1975): The insured loan level for fiscal year 1976 is projected to return to the 1974 level of \$618 million, a decrease of \$82 million from the 1975 level, in an effort to reduce the inflationary effect of higher RETRF loan levels at the current below-market interest rates. Guarantees of loans made by other lenders in 1976 are expected to remain at the 1975 level of \$1.286 billion.

These programs, coupled with an additional \$110 million expected from outside supplemental sources, will provide the second largest program in REA's 41-year history, and enable REA to meet the high priority capital needs of borrowers to maintain and improve the quality of electric service in rural areas.

The following tables indicate the actual and estimated loan applications from REA electric borrowers during fiscal years 1975 and 1976:

Distribution - Loan Applications
(In thousands of dollars)

	1974	1975	1976
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
<u>Loan Applications:</u>			
On hand at beginning of year.....	\$129,712	\$194,173	\$166,173
Received during year.....	711,939	522,000	556,000
Total for consideration during year.....	841,651	716,173	722,173
<u>Loans:</u>			
REA, direct.....	594	---	---
REA, insured..	356,003	435,000	385,000
Total, REA.....	356,597	435,000	385,000
Supplemental Sources (Lien Accommodations)....	107,020	115,000	110,000
Total Loans..	463,617	550,000	495,000
Applications pending, end of year.....	194,173 a/	166,173	227,173

a/ Reflects a net adjustment of \$-183,861 thousand.

Power Supply - Loan Applications
(In thousands of dollars)

	1974	1975	1976
<u>Loan Applications:</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
On hand at beginning of year.....	\$416,876	\$233,774	\$1,332,774
Received during year.....	<u>1,593,897</u>	<u>2,650,000</u>	<u>2,650,000</u>
Total for consideration during year.....	2,010,773	2,883,774	3,982,774
 <u>Loans:</u>			
REA, insured.....	261,997	265,000	233,000
Non-REA (guaranteed by REA).....	974,433	1,286,000	1,286,000
Non-REA (not guaranteed).....	<u>420,050</u>	<u>---</u>	<u>---</u>
Total Loans.....	1,656,480	1,551,000	1,519,000
 Applications pending, end of year.....	<u>233,774</u> a/	<u>1,332,774</u>	<u>2,463,774</u>

a/ Reflects a net adjustment of \$-120,519 thousand.

(2) A decrease of \$40,000,000 for loan guarantees in the telephone program and (3) a decrease of \$60,000,000 for insured telephone loans from the RETRF: The insured loan level for fiscal year 1976 is projected to return to the 1974 level of \$140 million, a decrease of \$60 million from the 1975 level. Owing to the larger than expected backlog of applications and urgency of loan needs that has developed since the budget was submitted, the telephone loan guarantee program for 1975 was increased from \$100 million to \$200 million. The estimates reflect a \$100 million reduction in program level in 1976 (\$60 million in insured loans and \$40 million in loan guarantees).

It is expected that the levels of insured loans and guarantees of loans, combined with \$180 million in loans from the Rural Telephone Bank, can meet the urgent yearly loan needs for the extension and improvement of rural telephone service, and will permit a reduction in the amount of loan applications pending at the end of the year.

The following table indicates the actual and estimated loan applications from REA telephone borrowers during fiscal year 1975 and 1976:

Telephone Program - Loan Applications
(In thousands of dollars)

	1974	1975	1976
<u>Loan Applications:</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
On hand at beginning of year.....	\$555,661	\$827,880	\$642,880
Received during year.....	<u>517,352</u>	<u>375,000</u>	<u>450,000</u>
Total for consideration during year.....	1,073,013	1,202,880	1,092,880
 <u>Loans:</u>			
REA, insured.....	140,000	200,000	140,000
Non-REA (guaranteed by REA).....	<u>---</u>	<u>200,000</u>	<u>160,000</u>
Rural Telephone Bank loans.....	163,048	160,000	180,000
Total Loans.....	303,048	560,000	480,000
 Applications pending, end of year.....	<u>827,880</u> a/	<u>642,880</u>	<u>612,880</u>

a/ Reflects a net adjustment of \$+57,915 thousand.

Transition Budget

Rural Electrification and Telephone Revolving Fund
Loan Authorizations

Transition Budget Estimate..... \$190,000,000

JUSTIFICATION OF TRANSITION BUDGET ESTIMATE

The funds requested represent one-fourth of the budget estimate for fiscal year 1976 for insured rural electrification loans, \$155,000,000, and insured rural telephone loans, \$35,000,000.

STATUS OF PROGRAM

The Rural Electrification Administration is authorized by the Rural Electrification Act of 1936, as amended, to provide capital through direct and insured loans and guarantees of loans by other lenders to qualified rural electric and telephone organizations. The objective of these programs is to help improve the quality of life in rural areas by assuring that rural communities have access to reliable electric and telephone service.

The Federal Financing Bank was established on December 29, 1973, to provide central funding for various Federal credit programs. REA has a loan commitment agreement with the Federal Financing Bank to provide loan funds for electric and telephone purposes under REA guarantee, up to a specified total which is subject to revision as required. For borrowers receiving an REA loan guarantee, the Federal Financing Bank is an attractive source of loan funds. Although interest rates charged by the Federal Financing Bank fully cover its costs, the efficiency of its operation in the money market results in more favorable interest rates than other agencies or borrowers could obtain in competition with each other for the same funds.

GENERAL PROGRAM ADMINISTRATION

Borrowers' Financial Condition - As of June 30, 1974, approximately \$2.8 billion in principal repayments and \$1.5 billion in interest payments had been made by electric borrowers. Telephone borrowers had repaid \$410.5 million in principal and had made interest payments of \$302.9 million. On June 30, 1974, five electric borrowers were in arrears more than 30 days on debt repayment, with the delinquencies totaling \$1.8 million, a decrease of \$1.0 million from a year earlier. Three telephone borrowers were in arrears, with delinquencies totaling \$.3 million, a decrease of \$.1 million from last year.

The balance of advance payments by electric and telephone borrowers was \$213.2 million on June 30, 1974, a decrease of \$54.9 million from a year earlier and \$105.5 million from June 30, 1972. In the electric program, the advance payment balance dropped to \$192.5 million on June 30, 1974, a decrease of \$51.7 million from a year earlier and \$101.0 million from June 30, 1972. In the telephone program, the advance payment balance dropped to \$20.6 million on June 30, 1974, a decrease of \$3.3 million from June 30, 1973, and \$4.5 million from June 30, 1972. Borrowers are utilizing their accumulated advance payments in lieu of making their regular payments, thereby enabling them to finance a larger portion of their construction from their own revenues.

Accounting and Auditing - Financial and statistical reports furnished periodically to REA by borrowers are a principal source of information for REA's review of loan security, evaluation of program accomplishments and identification of problem areas. Experience has demonstrated that good accounting and reporting systems improve borrowers' operating efficiency, and REA, through individualized instruction and workshops specializing in utility accounting, helps train borrowers' accounting personnel in the development and maintenance of the required accounting systems and the preparation of uniform and accurate reports. Particular emphasis is placed on advice and assistance to new borrowers and other borrowers having need for such services.

REA borrowers are required to have their accounts and records audited annually by independent certified public accountants. These audit reports are another important source for REA's review for trends which may adversely affect loan security and for identification of problem areas. REA accountants make selected examinations of CPA's audit working papers to determine whether they meet the requirements of its audit working paper guide. During fiscal year 1974, 79 percent of the CPA firms performing REA borrower audits attended symposiums sponsored by REA in order to explain the requirements of the guide.

During fiscal year 1974, REA field accountants audited the loan fund transactions of about 30 percent of the borrowers in order to test the propriety of the use of loan funds, to evaluate the effectiveness of the internal control systems, to survey the effectiveness of the accounting and reporting systems and to check on the adequacy of the annual CPA audits. REA field accountants also provide advice and assistance to borrowers in developing effective financial management programs.

Labor Relations - In representing the government as mortgagee and in furthering the objectives of the Rural Electrification Act, REA is concerned that its 1,800 active borrowers, employing almost 60,000 workers, adhere to sound labor/management policies and practices. REA provides advice to its borrowers to assist them in maintaining compliance with applicable Federal, state and local laws and regulations. Economic data relating to employment and current wage developments of interest to these employers is also made available to them.

Occupational Safety - With enactment of the Occupational Safety and Health Act of 1970 (OSHA), REA found that many of the functions performed by its safety staff would now be performed by OSHA, such as the collection and analysis of borrower accident data. To avoid duplication, REA has therefore discontinued this record-keeping activity. However, REA personnel still continue to serve with national code and rule-making bodies to ensure that problems peculiar to rural electric and telephone borrowers are considered.

Insurance Requirements - REA borrowers are required to meet the insurance requirements set forth in their mortgage and loan contracts. REA assists its borrowers in meeting these requirements and provides consulting services for evaluating individual insurance proposals designed to provide for the individual borrower's requirements and protection.

Member Services - REA continues to assist borrowers in developing consumer information programs through which consumers are instructed in the efficient use of electricity on the farm and in the home. Particular emphasis is placed on energy conservation. Programs are also developed to inform cooperative members as to the purposes and benefits of the cooperative concept and to urge them to take part in cooperative and community affairs.

Community Development - In keeping with the Department's rural development objective of improving the quality of life in rural America, REA assists borrowers and their associations to organize all available resources to carry out programs and promote individual projects. More stable and prosperous rural communities improve loan security and further the objectives of the Rural Electrification Act.

As grass roots organizations, the electric and telephone systems frequently take the lead in getting community support and mobilizing other local leaders for needed development activities. They participate in such activities as organizing local development corporations to help develop and finance businesses and industries, developing brochures describing the resources of an area, surveying the available labor supply in an area, seeking technical assistance and financial sources for prospective businesses and industries, forming organizations that can seek funds for construction of central water or sewer systems, determining housing needs in an area and helping locate funds for remodeling and new construction, and seeking technical assistance and financial sources for recreational projects and health facilities.

A survey conducted by REA indicates that during calendar year 1973, REA borrowers assisted 911 commercial, industrial and community facility projects which created over 45,000 new jobs in rural areas.

Civil Rights - It is the policy of REA that no person in the United States shall, on the grounds of race, color, creed or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under the REA electric and telephone loan programs. Provisions requiring the extension of service on an area coverage basis have been in REA loan contracts since the 1940's. Allegations of discrimination in the extension of service by borrowers are extremely rare. It is also REA's policy that employment opportunities

created by construction work involving Federal financial assistance through REA loans are made equally available to all qualified persons, without regard to race, color, religion, sex or national origin.

REA encourages its borrowers to involve more minority groups in its programs and activities and has developed guidelines which borrowers may use for increasing minority member participation in the activities and affairs of cooperative-type borrowers. Borrowers are required to certify annually that they comply fully with all requirements of Title VI of the Civil Rights Act of 1964 and the Rules and Regulations of the Department of Agriculture issued thereunder. REA has a full-time Civil Rights Coordinator who coordinates the efforts of REA and its borrowers in carrying out this program. It also has a Civil Rights Specialist who assists the Coordinator in such efforts and serves as chairman of a group of REA employees who conduct civil rights progress reviews to determine the extent to which borrowers are complying with civil rights rules and regulations. Thirty-six reviews are made annually in various parts of the country.

To get minority representation at the policy-making level, cooperatives or mutual-type borrowers are encouraged to create at-large positions on boards of directors and select minority members to fill the newly created positions initially. These members serve until the next annual meeting at which time these positions are filled by the normal election procedure. Prior to 1969, only one black had ever served on a board of directors of an electric cooperative. As of December 15, 1974, there were 57 blacks and 124 other minority members serving on boards of directors.

During the period from 1970 to 1973, total employment in REA-financed systems increased from 51,808 to 57,412. Minority employment increased from 5.0 percent in 1970, to 6.2 percent in 1973.

REA's civil rights program has been directed toward one goal: complying with the equal opportunity statutes with minimum delay and maximum benefits to REA borrowers. REA's technique has been the "soft sell" approach in informing borrowers why compliance is a good idea and good business rather than stressing the penalties which might accrue where the law is disobeyed, bypassed or ignored. In keeping with this philosophy, more minority people are being employed in, or promoted to, higher level positions than ever before. With more effort being placed on programs that provide work experience for prospective employees, including minority groups, the opportunity for more members of minorities to be employed and reach higher levels will continue to be enhanced.

Foreign Assistance - As in past years, training activities were conducted on a reimbursable basis for the Agency for International Development. In fiscal year 1974, 35 representatives from 14 foreign countries received orientation and technical training in the rural electrification and rural telephone programs. In addition, REA responded to 202 written inquiries from 29 countries by furnishing technical and general information and publications.

Environment - As the demand for electric power continues to grow, REA borrowers, as well as the entire electric industry, are faced with the problem of meeting the increased demand while at the same time minimizing the impact on the environment. Meeting the national environmental standards established for electric generating facilities means increased capital requirements for power projects.

On May 20, 1974, REA issued a revision of Bulletin 20-21: 320-21, setting forth REA policy for compliance with the National Environmental Policy Act. This revision incorporated changes recommended by revised Council on Environmental Quality Guidelines.

In November 1974, REA issued a proposed bulletin to implement Executive Order 11735 (38 FR 25161) issued by the President on September 10, 1973, and proposed Environmental Protection Agency regulations (39 FR 11099) relating to Administration of the Clean Air Act and the Federal Water Pollution Control Act with respect to Federal contracts, grants and loans.

Between July 1, 1974, and December 10, 1974, REA published in the Federal Register

five Final and five Draft Environmental Impact Statements relating to proposed REA-financed generation and transmission projects which have the potential of significantly affecting the environment. An additional 15 statements are in various stages of preparation.

ELECTRIC PROGRAM

Borrowers' Progress and Financial Development - As of December 31, 1973, electric energy was being provided by electric borrowers to 7,457,123 consumers by 1,046 REA borrowers in 46 states, Puerto Rico and the Virgin Islands. Of a total of 980 active borrowers, 934 are engaged primarily in operating distribution systems and 46 are operating generation and transmission facilities exclusively. One hundred and eight borrowers have repaid their loans in full.

At the end of calendar year 1973, the 1,046 electric borrowers were operating 1,766,701 miles of line and employed 41,422 full-time employees. During calendar year 1973, borrowers added 380,874 consumers, 34,156 miles of line and 1,643 full-time employees.

Since 1948, the typical (median) electric borrower has more than doubled the number of miles of line operated and the number of consumers served. As of December 31, 1973, the typical REA-financed electric distribution borrower had 1,623 miles of line and served 5,522 consumers.

The following schedule provides a percentage distribution of kWh sold, revenue and total consumers by type for calendar year 1973:

Type of Consumer	kWh Sold	Revenue	Total Consumers
Residential farms and non-farm	64.3%	70.1%	90.9%
Commercial and industrial-small	7.9	9.3	6.1
Commercial and industrial-large	22.2	14.3	.4
Other electric service and resale	5.6	6.3	2.6
	100.0	100.0	100.0

The composite equity of electric borrowers has increased steadily over the years. As of December 31, 1973, the composite net worth of electric borrowers reporting was \$2,214,727,179, or 27.6 percent of total assets, as compared with \$1,543,848,174, or 27.2 percent, for 1969. Distribution borrowers had a composite net worth of \$2,080,937,461, or 33.9 percent of total assets as of December 31, 1973, as compared with \$1,458,641,441, or 33.7 percent, in 1969. The relatively small change in the ratio of net worth to total assets reflects the rapid expansion of these systems during this period.

Improvements in Electric Standards and Techniques - During fiscal year 1974, REA revised several technical publications and issued some new ones dealing with construction standards and also with energy conservation. They included:

1. Revised and new bulletins on the design, construction and operation of rural underground electric distribution systems.
2. A new REA Bulletin 142-1, "Residential Electric Comfort Conditioning," which discusses energy conservation measures applicable to electrically heated or cooled rural residences. This bulletin reflects the concern for conservation and efficient use of energy as contrasted with a superseded publication which was concerned more with the promotion of electric heating.

REA engineers continued to work with other segments of the electrical industry in the development of voluntary national standards and codes. They participated in working committees and groups of organizations such as the Institute of Electrical

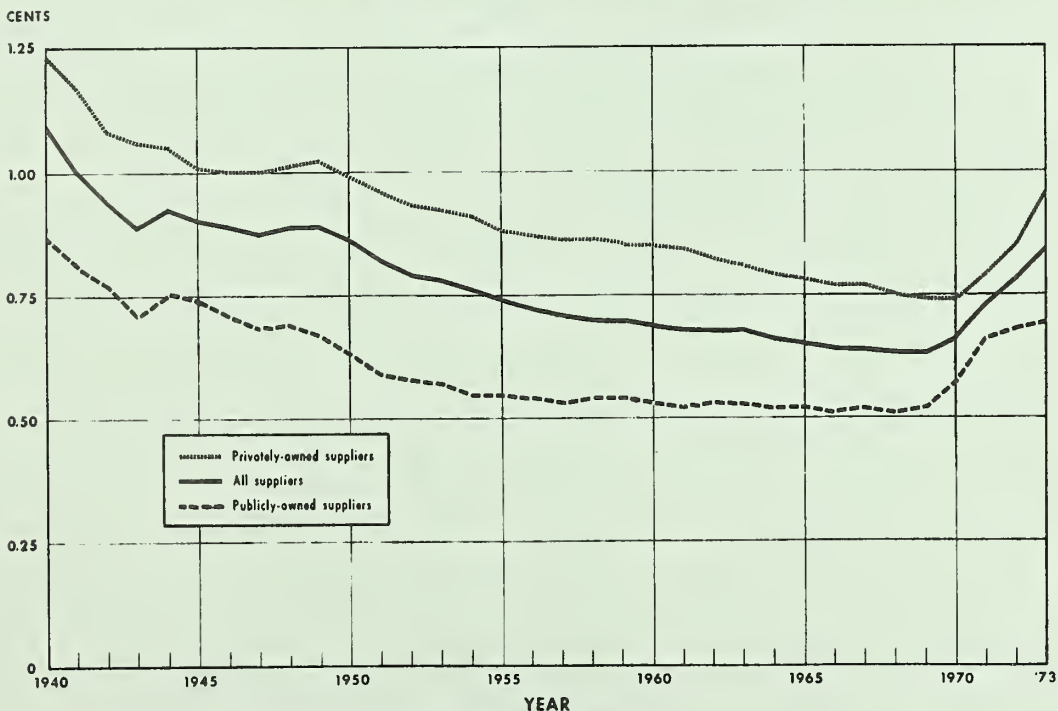
and Electronics Engineers, American National Standards Institute, American Wood-Preservers' Association, American Society for Testing Materials, and National Association of Corrosion Engineers to assure that special requirements of the rural electric systems and their consumers would not be overlooked.

Retail Rates - During fiscal year 1974, 226 REA electric borrowers reported retail rate changes. Increasing fuel and wholesale power costs, coupled with rising construction and operating costs, necessitated 218 increases which added \$44,676,000 to the estimated annual revenues of these borrowers to cover increased costs. These are industry-wide problems and the cost of electric energy is expected to continue to increase in all sections of the country. There were only eight rate reductions during the period and these represented relatively minor rate adjustments, decreasing annual revenues by about \$781,000.

Management Assistance to Borrowers - REA continued to help borrowers develop better management practices. Following development and presentation by headquarters personnel, field representatives carried out borrower training workshops in forecasting and control techniques. Instruction, assistance, and feasibility analysis were provided to borrower personnel and their regional data centers in the effective use of automatic data processing equipment. The process for developing operating cost standards was refined. A program was held for 98 new managers to provide orientation in economic subjects necessary for good management, and in labor relations, civil rights, and environmental responsibilities.

Power Supply - Total energy sales of all REA borrowers increased 8.8 percent during calendar year 1973. Sales increased at an average annual rate of 11.6 percent over the five-year period ended December 31, 1973. The increase for the entire electric utility industry for the same five-year period was just under seven percent. The average cost of energy purchased at wholesale by REA distribution borrowers has increased steadily in each of the past four years, from 0.63 cents per kWh in 1969, to 0.84 cents per kWh in 1973, a trend which is the reverse of the experience of the prior 30 years when the cost of energy steadily declined. The following chart shows the abrupt increases in power cost experienced by REA electric borrowers:

AVERAGE COST PER KWH OF ENERGY PURCHASED BY REA BORROWERS^{1/}, YEARS 1940-1973^{2/}



^{1/} Excludes energy purchased by Ark-La Electric Cooperative, Inc. (La. 21) for fiscal years 1943-1946.

^{2/} Data shown are for fiscal years ending June 30 for 1940 through 1970, and for calendar years ending December 31 for 1971 through 1973.

Load Forecasts - Detailed instructions and procedures for developing and maintaining estimates of energy consumption and power requirements by the individual borrower are contained in REA Bulletin 120-1, entitled "Development, Approval, and Use of Power Requirements Studies, dated March 5, 1974.

REA assistance will continue to be made available to borrowers through the field staff with specialized load forecasts still being made by REA's Power Requirements Staff. REA approval of all load forecasts is required before approval can be given for all engineering, financial and other studies relating to financing.

ELECTRIFICATION PROGRAM STATISTICS

From 1935 to June 30, 1974, \$9.4 billion in direct and insured electrification loans have been made by REA and an additional \$974 million in loans by non-REA lenders have been guaranteed by REA. During this period, the percentage of farms with central station electric service has increased from about ten percent to 98.6 percent. The demand for new service to non-farm rural consumers continues as residential communities, business and industry develop in rural areas.

Loan Activity - During fiscal year 1974, 493 insured and one direct loan were approved totaling \$618,594,000. There were six commitments approved to guarantee loans made to electrification borrowers by non-REA sources totaling \$974,433,000. For fiscal year 1975, it is expected that \$700 million in insured loans and \$1.286 billion in guarantees of loans will be made.

Purpose of Loans Approved - During fiscal year 1974, insured and direct loans amounted to \$356,596,797 for distribution purposes (57.6 percent) and \$261,997,703 for generation and transmission facilities (42.4 percent). Loan guarantee commitments totaling \$974,433,000 were for power supply purposes.

Rescissions - During fiscal year 1974, there were six rescissions of prior year loans totaling \$146,000.

Fund Advances and Construction Progress

	1974	1975 Estimate
Advances (fiscal year)	\$680,317,245	\$692,000,000
Consumers connected (calendar year, estimate)...	400,000	430,000
Miles energized (calendar year, estimate).....	34,300	38,000
Generating capacity installed (kW) (Fiscal Year)	261,915	1,027,620

Advanced loan funds aggregated \$935.9 million as of June 30, 1974. They are expected to total \$943.9 million by June 30, 1975.

Cumulative Repayments

	June 30, 1973	June 30, 1974
Payments:		
Principal (including payments ahead of schedule).....	\$2,690,725,089	\$2,821,124,665
Interest.....	1,406,557,543	1,519,642,011
Payments ahead of schedule.....	244,175,463	192,513,138
Payments overdue more than 30 days.....	2,804,731	1,840,782
Interest and principal lost on two foreclosures	44,478	44,478

Progress of Electrification Program - The cumulative figures presented in the following tables I and II show the progress that has been made in the electrification program since its inception:

TABLE NO. I - ELECTRIFICATION LOANS
(Cumulative Figures)

Date	Total Net Loans All Purposes a/	Long-Term Supplemental Loans b/	Loan Guarantee Commitments	Construction Authorized By Total Loans to Date	
				Miles of Line	Consumers Served
1936-June 30, 1960.....	\$4,153,325,751			1,503,863	5,312,265
June 30, 1961.....	4,424,756,408			1,520,899	5,459,083
June 30, 1962.....	4,680,742,660			1,534,551	5,560,708
June 30, 1963.....	5,020,163,286			1,555,087	5,762,534
June 30, 1964.....	5,280,871,573			1,572,769	5,929,349
June 30, 1965.....	5,631,572,196			1,590,628	6,081,076
June 30, 1966.....	5,942,226,055			1,611,242	6,275,289
June 30, 1967.....	6,292,885,281	\$ -0-		1,630,939	6,439,948
June 30, 1968.....	6,642,684,316	66,000,000		1,651,007	6,637,276
June 30, 1969.....	6,985,363,485	66,000,000		1,660,572	6,737,301
June 30, 1970.....	7,329,418,562	66,000,000		1,681,825	6,908,440
June 30, 1971.....	7,690,458,056	231,774,000		1,699,683	7,113,261
June 30, 1972.....	8,128,458,057	544,530,000		1,722,866	7,412,054
June 30, 1973.....	8,746,398,057	652,224,000	\$ -0-	1,756,889	7,858,579
June 30, 1974.....	9,364,746,057	1,179,293,900	974,433,000	1,789,097	8,297,824
June 30, 1975 (Est.).....	10,064,746,057	1,294,293,900	2,260,433,000	1,827,097	8,727,824
June 30, 1976 (Est.).....	10,682,746,057	1,419,293,900	3,546,433,000	1,864,097	9,172,824

a/ Comprised of REA direct and insured loans.

b/ Includes commitments for long-term financing from all sources other than REA direct and insured loan and loan guarantee programs.

TABLE NO. II - ELECTRIFICATION CONSTRUCTION
(Cumulative Figures)

Date	Loan Funds Advanced To Borrowers a/	Loan Funds Advanced To Borrowers Under Guarantee	Total Miles Energized	Construction Completed b/		Total kWh Sales c/ (Annual) (Thousands)
				Total Consumers Served	Total Consumers Served	
1936-1960.....	\$3,580,884,081		1,465,315	4,825,802		27,268,625
1961.....	3,764,297,121		483,021	4,956,642		28,967,198
1962.....	3,960,104,248		1,504,228	5,094,953		31,880,133
1963.....	4,205,858,366		1,526,812	5,237,912		35,357,255
1964.....	4,451,822,854		1,547,143	5,386,088		39,836,854
1965.....	4,751,612,288		1,566,772	5,541,478		42,668,054
1966.....	5,030,390,048		1,586,502	5,652,844		48,439,056
1967.....	5,339,134,905		1,606,497	5,806,017		52,880,144
1968.....	5,734,077,563		1,627,445	5,986,140		58,303,933
1969.....	6,101,157,248		1,650,240	6,196,967		66,421,021
1970.....	6,463,530,118		1,676,001	6,442,332		76,009,289
1971.....	6,875,490,883		1,700,348	6,747,698		84,282,836
1972.....	7,293,974,951		1,732,545	7,076,249		92,534,163
1973.....	7,748,574,076		1,766,701	7,457,123		100,688,298
1974.....	8,428,891,321	\$ -0-	1,801,001	7,857,123		109,400,000
1975 (Est.).....	9,120,891,321	309,482,000	1,839,001	8,287,123		119,000,000
1976 (Est.).....	9,811,891,321	1,121,818,000	1,876,001	8,732,123		129,400,000

a/ Fiscal Year - Includes advances on REA direct and insured loans.

b/ Calendar Year.

c/ Excludes energy sales by one REA borrower to another.

TELEPHONE PROGRAM

Telephone Loan Guarantee Program Initiated - In accordance with discussions at the hearings on the 1975 Budget, a telephone loan guarantee program has been initiated to supplement the REA telephone and Rural Telephone Bank programs. Through December 31, 1974, seven commitments totaling \$32,823,000 had been made. It is estimated that commitments totaling \$200,000,000 will be made during fiscal year 1975. Another \$160,000,000 in commitments are expected to be made during fiscal year 1976. The use of the guarantee authority of section 306 of the revised RE Act provides flexibility in the source of financing for REA telephone borrowers, as well as allowing a reduction in the record year-end backlog of applications which totaled \$827.9 millior at June 30, 1974.

Borrowers' Progress and Financial Development - As of December 31, 1973, telephone service was being provided by REA borrowers to 2,846,059 subscribers over 613,871 route miles of line. This is an increase of 661,484 subscribers and 59,681 miles of line since December 31, 1969. The average telephone borrower had 733 route miles of line and 3,400 subscribers at the end of calendar year 1973, compared with 688 miles and 2,710 subscribers at the end of 1969, an increase of 6.5 percent in route miles and 22.5 percent in subscribers for the four-year period.

Rural telephone borrowers reported total operating revenues of \$562.6 million in calendar year 1973, compared with \$470.6 million in the previous year. Almost 51 percent of this increase came from net toll revenues which increased 19 percent, from \$228 million in calendar year 1972, to \$284 million in 1973.

Increased toll usage by rural subscribers can be attributed in large part to the upgrading of service which has been taking place in rural areas. Reducing the number of parties per line encourages use of the telephone for long distance, as well as local calls. Some of the increase in toll revenues is the result of additional ownership of toll line and toll ticketing equipment. The number of borrowers using cost separations rather than "average" toll settlements has also increased the borrowers' share of toll revenues.

The increase in local service revenue of \$33.6 million is due not only to additional subscribers, but also to changing to a higher grade of service, as shown in the following table:

Service	1969	1970	1971	1972	1973
One-party.....	37.1%	41.6%	46.3%	50.6%	54.6%
Two-party.....	10.4	9.8	8.9	8.2	7.4
Four- and five-party.....	25.6	25.6	26.3	25.5	24.8
Eight- or more party.....	26.9	23.0	18.5	15.7	13.2

Increase in Net Worth - As of December 31, 1973, 833 telephone borrowers reported a composite net worth of \$587 million, or 22.0 percent of their total assets. As indicated below, the average net worth for both cooperative and commercial borrowers has been doubling every four years:

Increase in Net Worth (Telephone)				
As of December 31	Number of Borrowers Reporting	Average Net Worth Per Borrower	Ratio to 1965	Percent of Total Assets
1965.....	816	\$163,361	1.00	12.2
1969.....	805	356,986	2.19	17.6
1973.....	833	704,382	4.31	22.0

Although the percentage of telephone borrowers with a net worth equal to or greater than 40 percent of their assets is relatively small, the percentage of those with a net worth equal to 20 percent or more is increasing.

As of December 31	Percent of Telephone Borrowers With Net Worth		
	Less Than 20 Percent of Assets	20 to 39 Percent of Assets	40 Percent or More of Assets
1965.....	78%	20%	2%
1969.....	63	33	4
1973.....	53	41	6

The investment of telephone borrowers in total plant is also rapidly increasing. At the end of 1973, borrowers had a total plant of \$2.99 billion, with a long-term debt balance of \$1.86 billion. Borrowers have invested approximately \$1.13 billion in their plant facilities (in addition to the replacements they financed), either by principal payments on the long-term debt for the original construction, or by financing plant additions with other than REA loan funds. As the following table indicates, the dollar amount of the investment of these borrowers in their total telephone plant increased by more than \$548 million in the last four years, with an average borrower plant investment of \$1,361,345:

As of December 31	Borrower Investment in Total Telephone Plant (Total Plant Less Long-Term Debt)		
	Total Borrower Plant Investment	Number of Borrowers Reporting	Average Borrower Plant Investment
1965.....	\$267,535,047	816	\$327,862
1969.....	585,620,108	805	727,478
1973.....	1,134,000,374	833	1,361,345

Borrowers' plant investment is defined as the cost of total plant (before deducting the accumulated provision for depreciation and amortization), less the balance due on the long-term debt.

Engineering Progress - As a result of the energy crisis and its impact on the price of polyethylene, which is a basic component of telephone cable, there has been an increase of approximately 35 percent in the cost of outside plant construction.

Work is underway to reduce amounts of polyethylene required for telephone conductor insulation and jacketing by a process of foaming. A field trial, involving approximately 20 miles of foam-insulated, grease-filled cables, is currently underway in a high lightning incidence area in Georgia. Another field trial of three and a half miles of cable with foamed-jacketing material is in process in Pennsylvania. Additional field trials will be made and, if satisfactory, could result in significant cost and material savings.

Development work is being done in the outside plant accessory line to improve buried plant housings. These improved housings will be used for cable cross-connections and the mounting of transmission apparatus, such as loading coils and electronic carrier repeaters and terminals.

Complaints of cracked conductor insulation within buried plant housings reported to REA in the past year prompted an investigation to determine the severity and nature of the problem. It was found that the cracking was due to (1) sunlight entering through cracks or holes in the housings and (2) unrestricted air flow over the exposed conductors which resulted in emission of antioxidants from the insulation. A conductor bundle-bag arrangement was instituted for filled cables and wires to minimize the cracking problem in new and existing cable plant. It eliminates sunlight and restricts air flow around the conductors.

During the year petroleum scarcities resulted in plastic cable shortage. Under REA guidance, increased usage of electronics in lieu of cable conductors helped keep the cost of telephone service within reach of rural people. Work is progressing which is expected to lead to the first major change in designing rural telephone systems since 1964. The resulting emphasis on electronics caused REA to begin re-evaluating design, installation and operating criteria to overcome reluctance of telephone

systems to large-scale usage of electronic equipment. Increased emphasis is being placed on constructing the lowest annual cost plant (quality) rather than low initial cost.

Filled buried cable became the REA standard in fiscal year 1974 and there was an increasing use of common control switchboards, which are expected to have a much longer life than step-by-step switching equipment installed today.

An electrodynamic transmitter with an integrated transistor amplifier was tested in our laboratory for use as a replacement for the carbon transmitter of a standard telephone set. Field trials are pending. Availability of lightning-surge test facilities at the Patuxent River Naval Air Test Center has enabled us to make surge tests on several types of filled-foam insulated cables to determine their ability to withstand lightning surges.

Almost 1,400 representatives of REA borrowers, consulting engineers, state commissions, telephone associations, and Bell operating companies attended four REA-sponsored telephone engineering meetings in February and March. The meetings were a great success. A special session on the common control equipment specification proved very popular.

Operations and Maintenance - REA provides expert technical assistance on complex maintenance problems which are beyond the scope of routine plant maintenance performed by borrowers and evaluates the operating performance of and maintenance experience with various components of telephone plant. This information is made available to borrowers to alert them of potential operations and maintenance problems, thereby helping to increase the reliability of telephone service.

REA field personnel continue to review operations and maintenance activities of borrowers' telephone systems on a selective basis. Results have been effective in improving service to subscribers and in maintaining reasonable operations and maintenance costs.

Management - The data processing requirements of telephone systems have increased as the systems have grown in size. The increase in size has been paralleled by an increase in the demand for responsive management information systems, rising labor costs, increased reporting demands of Federal, state and local government, and service reliability requirements. Data processing equipment selection is just one factor in converting to a more sophisticated method of handling data. Some equipment for handling data is expensive, inflexible and does not permit the utilization of improved technology. Along with the equipment selection, the ability and training needs of personnel must be considered.

Therefore, a new publication, "Data Processing Systems," was prepared to provide borrowers' management with guidance related to the review, evaluation and conversion of data processing systems and to encourage long-range planning when installing a new system. The planning process requires that consideration be given to the use of regional data centers and shared data processing facilities, as well as on-premise facilities, both leased and purchased. The publication sets forth guidelines and recommended procedures to be followed by borrowers in considering data processing alternatives, the development of the feasibility analyses associated with planning and the implementation of the selected data processing system.

TELEPHONE PROGRAM STATISTICS

Through June 30, 1974, telephone loans totaled over \$2.2 billion and the percentage of farms with telephone service has increased from about 38 percent in 1949 to 87 percent in 1973.

Satisfactory rural telephone service today implies an improved grade of service from the eight-party rural concept of years ago. In keeping with subscriber demand, REA recommends four-party, flat rate rural service as the minimum standard. Because of increasing demand for one-party service in rural areas, REA continues to encourage borrowers to develop systems to meet this demand at reasonable rates.

Loan Activity - During fiscal year 1974, 124 insured loans were approved, totaling \$140,000,000. For fiscal year 1975, it is expected that there will be \$200 million in insured telephone loans, complemented by a \$160 million loan program by the Rural Telephone Bank and \$200 million in loans made by others and guaranteed by REA.

Rescissions - During fiscal year 1973, there were four rescissions of prior year loans, totaling \$71,966

Fund Advances and Construction Progress

	<u>1974</u>	<u>1975 Estimate</u>
Advances (fiscal year).....	\$122,057,882	\$177,000,000
Route miles of line onstructed or improved (calendar year, estimate).....	24,000	27,000
Subscribers receiving new or improved service (calendar year, estimate).....	185,000	195,000

Through June 30, 1974, borrowers had received advances under their loan contracts totaling \$1,998,530,418. Total REA telephone and Rural Telephone Bank loans approved provide for construction and improvement of 636,755 miles of line and new or improved dial service to about 3,026,688 subscribers.

Cumulative Repayments

	<u>June 30, 1973</u>	<u>June 30, 1974</u>
Payments:		
Principal (including payments ahead of schedule).....	\$367,755,678	\$410,491,308
Interest....	271,710,442	302,869,725
Payments ahead of schedule	23,893,655	20,643,232
Payments overdue more than 30 days.....	353,562	252,294

PROGRESS OF REA AND RTB TELEPHONE PROGRAMS

The cumulative figures presented in the following Tables I and II show the progress that has been made in the REA and RTB telephone programs since their inception:

TABLE NO. I - TELEPHONE LOANS
(Cumulative Figures)

Date	Total Net Loans a/	Telephone Bank Net Loans	Loan Guarantee Commitments	Construction Authorized By Total Loans To Date	
				Route Miles of Line To Be Constructed or Improved	Subscribers To Receive New or Improved Service
1950-June 30, 1960.....	\$679,210,237			356,581	1,371,791
June 30, 1961.....	818,257,691			407,621	1,604,011
June 30, 1962.....	909,035,087			442,063	1,753,463
June 30, 1963.....	990,992,987			469,805	1,859,873
June 30, 1964.....	1,078,444,387			492,700	1,964,601
June 30, 1965.....	1,167,902,734			511,956	2,043,900
June 30, 1966.....	1,266,041,761			519,156	2,116,895
June 30, 1967.....	1,380,557,341			534,200	2,202,030
June 30, 1968.....	1,499,674,227			545,493	2,271,874
June 30, 1969.....	1,623,413,120			552,927	2,364,493
June 30, 1970.....	1,746,578,450			564,771	2,450,421
June 30, 1971.....	1,870,028,433	\$ -0-		579,233	2,543,516
June 30, 1972.....	2,002,536,718	90,954,800		596,119	2,698,337
June 30, 1973.....	2,147,368,193	240,913,490		616,274	2,854,530
June 30, 1974.....	2,287,396,227	397,344,290	\$ -0-	636,755	3,026,688
June 30, 1975 (Est.).....	2,487,396,227	557,344,290	200,000,000	671,255	3,263,688
June 30, 1976 (Est.).....	2,627,396,227	737,344,290	360,000,000	699,255	3,468,688

a/ Comprised of REA direct and insured loans.

TABLE NO. II - TELEPHONE CONSTRUCTION
(Cumulative Figures)

Date	Loan Funds Advanced To Borrowers a/	Telephone Bank		Loan Funds		Construction Completed c/		
		Loan Funds Advanced To Borrowers b/	Advanced To Borrowers Under Guarantee	Advanced To Borrowers Under Guarantee	Route Miles of Line Constructed To Improved	Subscribers Receiving New or Improved Service		
1950-1960.....	\$501,262,035				287,473	1,142,004		
1961.....	609,326,639				297,747	1,291,468		
1962.....	706,563,875				383,701	1,419,892		
1963.....	792,465,840				414,271	1,523,406		
1964.....	876,695,138				431,475	1,626,590		
1965.....	957,487,449				460,141	1,726,359		
1966.....	1,039,691,323				482,005	1,825,861		
1967.....	1,142,941,570				499,179	1,944,334		
1968.....	1,242,998,913				533,559	2,067,025		
1969.....	1,348,878,422				554,190	2,184,575		
1970.....	1,484,279,069				547,322	2,334,511		
1971.....	1,621,729,749	\$ -0-			571,139	2,466,902		
1972.....	1,754,097,487	587,923			589,282	2,638,575		
1973.....	1,876,472,536	45,642,259			613,871	2,846,059		
1974.....	1,998,530,418	144,350,892		\$ -0-	637,871	3,031,059		
1975 (Est.).....	2,175,530,418	304,350,892		20,000,000	664,871	3,226,059		
1976 (Est.).....	2,357,030,418	479,350,892		179,000,000	696,871	3,449,809		

a/ Fiscal Year - Includes advances on REA direct and insured loans.

b/ Fiscal Year

c/ Calendar Year.

(b) Rural Telephone Bank

	Appropriation	a/ Other Authorizations (Budget Authority)	Estimated Obligations
Appropriation Act, 1975.....	\$30,000,000	\$842,185,000	\$167,845,000
Budget Estimate, 1976.....	30,000,000	750,148,000	203,719,000
Change.....	---	-92,037,000	+35,874,000

a/ Reflects maximum borrowing authorized.

SUMMARY OF INCREASES AND DECREASES
(On Basis of Maximum Budget Authority)

	1975 Estimate	Program Changes	1976 Estimate
Operating Costs:			
Administrative Expenses.....	\$ 50,000	\$ ---	\$ 50,000
Interest Expense.....	7,774,000	+15,874,000	23,648,000
Dividends.....	21,000	---	21,000
Maximum Loan Authority.....	864,340,000	-107,911,000	756,429,000
Total Available.....	872,185,000	-92,037,000	780,148,000

PROJECT STATEMENT
(On Basis of Maximum Budget Authority)

Project	1974 Actual	1975 Estimated	Increase or Decrease	1976 Estimated
1. Operating Costs:				
(a) Administrative Expense....	\$ 33,833	\$ 50,000	\$ ---	\$ 50,000
(b) Interest Expense.....	819,579	7,774,000	+15,874,000 ^{1/}	23,648,000
(c) Other.....	5,294	---	---	---
2. Dividends.....	21,000	21,000	---	21,000
3. Loan Authority.....	816,702,636	864,340,000	-107,911,000 ^{2/}	756,429,000
Total Authorization.....	817,582,342	872,185,000	-92,037,000	780,148,000

PROJECT STATEMENT
(On Basis of Obligations)

Project	1974 Actual	1975 Estimated	Increase or Decrease	1976 Estimated
1. Operating Costs:				
(a) Administrative Expense....	\$ 33,833	\$ 50,000	\$ ---	\$ 50,000
(b) Interest Expense.....	819,579	7,774,000	+15,874,000 ^{1/}	23,648,000
(c) Other.....	5,294	---	---	---
2. Dividends.....	21,000	21,000	---	21,000
3. Loans.....	163,047,900	160,000,000	+20,000,000 ^{2/}	180,000,000
Total Obligations.....	163,927,606	167,845,000	+35,874,000	203,719,000

EXPLANATION OF RURAL TELEPHONE BANK PROGRAM

Public Law 92-12, approved May 7, 1971, amended the Rural Electrification Act of 1936, as amended, to establish the Rural Telephone Bank as a supplemental source of financing the Rural Telephone Program. Public Law 92-324, approved June 30, 1972, amended the Act to permit the Secretary of the Treasury to purchase the bank's debentures. This minimizes REA borrowing costs and helps avoid cash-flow problems associated with obtaining funds on the money market. Public Law 93-32, approved May 11, 1973, further amended the Act to increase the bank's borrowing authority from eight to 20 times its paid in capital and retained earnings, and to eliminate the heretofore required disclaimer of any government guarantees on debentures issued by the bank. This Act also provides that the bank charge an interest rate based on the average costs of money to the bank, as determined by the bank's Governor, but not less than five percent per annum, in lieu of the former provision for a range of interest rates on loans based on the borrowers' ability to pay. The current rate of eight percent was set by the Governor of the bank for loans made in the six months ending March 31, 1975.

Budget Authority

Equity capital of the bank consists of Class A stock purchased by the United States; Class B and C stock purchased by bank borrowers, organizations eligible to become borrowers, and organizations controlled by borrowers; and retained earnings. The maximum budget authority of the bank is related to its borrowing authority which is limited to 20 times its paid in capital and retained earnings. Fiscal year 1975 total budget authority available for the bank is estimated at \$2.710 billion, comprised of \$872 million in new budget authority and \$1.838 billion in unobligated authority brought forward. In 1976, budget authority is calculated at \$3.3 billion, consisting of \$780 million in new budget authority and \$2.563 billion in authority carried over from prior years.

Highlights of Operation

The Rural Telephone Bank made 90 loans totaling \$163,047,900 in fiscal year 1974, at a weighted average interest rate of 6.88 percent. From inception two and a half years ago, 308 loans have been made totaling \$397,344,290 at a weighted average interest rate of 6.46 percent.

The bank's net income for the year amounted to \$5,225,526; after making provision for a return of \$1,519,958 on Class A stock held by the Government, a balance of \$3,705,567 was available for patronage refunds, dividends and retained earnings. Assets of the bank totaled \$156,678,326 as of June 30, 1974, and liabilities \$66,678,326. The bank has been investing some of the proceeds from the sale of Class B and C stock in United States securities, and interest on these investments amounted to \$681,040 in 1974.

Program Statistics (Dollars in thousands)

	1974	1975	1976
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Cumulative net loans.....	\$397,344	\$557,344	\$737,344
Cumulative loan funds advanced.....	\$144,351	\$304,351	\$479,351
Unadvanced loan funds, end of year.....	\$252,993	\$252,993	\$257,993
Cumulative principal repaid.....	\$ 218	\$ 697	\$ 2,269
Cumulative interest paid on loans.....	\$ 5,570	\$ 19,840	\$ 45,471
Number of borrowers.....	269	310	375

JUSTIFICATION OF INCREASES AND DECREASES

(1) An increase of \$15,874,000 for operating costs (interest expense) (\$7,774,000 available in 1975): Public Law 92-324, approved June 30, 1972, amended the Rural Electrification Act of 1936, as amended, to permit the Secretary of the Treasury to purchase the bank's debentures. The increase in operating expenses represents interest paid to the Treasury by the bank. In fiscal year 1974, the bank borrowed \$49.4 million from the Treasury and it is estimated that it will require an

additional \$119.8 million in 1975, and \$133.0 million in 1976 in order to make required advances to borrowers.

(2) A decrease of \$107,911,000 in loan authority and an increase of \$20,000,000 for Rural Telephone Bank loans (\$160,000,000 available in 1975): During fiscal year 1973 the backlog of rural telephone loan applications was reduced for the first time in over ten years. Fiscal year 1974 began with \$555.7 million in applications on hand and, during the year, a record \$517.4 million in applications were received. REA insured loans totaled \$140 million and Rural Telephone Bank loans totaled \$163 million. However, the backlog of applications pending at June 30, 1974, was \$827.4 million, the highest in the telephone program history. As the following table shows, it is projected that the urgent yearly needs of telephone borrowers can be met and the backlog of applications reduced by using all sources of funding available, although the estimates reflect a decrease in the REA insured loan program and in the loan guarantee program.

Telephone Program - Loan Applications
(In thousands of dollars)

	1974	1975	1976
<u>Loan Applications:</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
On hand at beginning of year.....	\$555,661	\$827,880	\$642,880
Received during year.....	517,352	375,000	450,000
Total for consideration during year.....	1,073,013	1,202,880	1,092,880
<u>Loans:</u>			
REA, insured.....	140,000	200,000	140,000
Non-REA (guaranteed by REA).....	---	200,000	160,000
Rural Telephone Bank loans.....	163,048	160,000	180,000
Total Loans.....	303,048	560,000	480,000
Applications pending, end of year.....	<u>827,880</u> a/	<u>642,880</u>	<u>612,880</u>

a/ Reflects a net adjustment of \$+57,915 thousand.

The maximum budget authority of the bank consists of the total paid in capital and retained earnings of the bank, plus borrowings limited by law to 20 times the paid in capital and retained earnings. The legislation establishing the bank authorizes U.S. stock purchases totaling \$300 million, with up to \$30 million to be appropriated annually. An appropriation of \$30 million is required for fiscal year 1975. It is estimated that an additional \$7.5 million in capital will be obtained through the sale of stock to borrowers and retained earnings. Cumulative borrowings by the bank are estimated at \$169.2 million in fiscal year 1975 and \$302.3 million in 1976.

The following table shows total budget authority, estimated obligations and balances carried forward:

Rural Telephone Bank
(In thousands of dollars)

	1974	1975	1976
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
<u>Budget Authority:</u>			
Appropriation for purchase of Class A stock...	\$ 30,000	\$ 30,000	\$ 30,000
Borrowing authority-maximum current year 1/...	<u>787,582</u>	<u>842,185</u>	<u>750,148</u>
New budget authority.....	817,582	872,185	780,148
Budget authority carried over from prior years	<u>1,167,746</u>	<u>1,838,250</u>	<u>2,563,099</u>
Total budget authority.....	<u>1,985,328</u>	<u>2,710,435</u>	<u>3,343,247</u>
Other funds available.....	18,738	22,845	35,852
Less return on Class A stock.....	<u>-1,889</u>	<u>-2,336</u>	<u>-2,943</u>
Total budgetary resources.....	<u>2,002,177</u>	<u>2,730,944</u>	<u>3,376,156</u>
 <u>Less:</u>			
Loans approved.....	163,048	160,000	180,000
Expenses and Class C stock dividend	<u>880</u>	<u>7,845</u>	<u>23,719</u>
Total.....	<u>163,928</u>	<u>167,845</u>	<u>203,719</u>
 Balance carried forward to next year.....	<u>1,838,250</u>	<u>2,563,099</u>	<u>3,172,437</u>

1/ Reflects maximum borrowing authority, authorized by the RE Act, as amended, computed as follows:

<u>Paid in capital and retained earnings:</u>			
A stock.....	30,000	30,000	30,000
B stock.....	5,806	6,000	6,000
C stock.....	8	5	5
Retained earnings.....	<u>3,565</u>	<u>6,104</u>	<u>1,502</u>
Total.....	<u>39,379</u>	<u>42,109</u>	<u>37,507</u>
Statutory borrowing authority.....	<u>x 20</u>	<u>x 20</u>	<u>x 20</u>
Maximum borrowing authority (totals may not add due to rounding).....	<u>787,582</u>	<u>842,185</u>	<u>750,148</u>

Transition Budget

Rural Telephone Bank

Transition Budget Estimate \$7,500,000

The funds requested represent one-fourth of the budget estimate for fiscal year 1976 for the purchase of Class A Telephone Bank stock by the United States.

Status of Program

The Rural Telephone Bank was established May 7, 1971, when Public Law 92-12 was enacted, amending the Rural Electrification Act of 1936, as amended. The bank supplements the REA telephone loan program in providing rural telephone systems with capital for furnishing and improving telephone service in rural areas.

Lending Activity - During fiscal year 1974, the Rural Telephone Bank approved 90 loans, totaling \$163,047,900, with a composite interest rate of 6.88 percent. From the bank's inception in May 1971, 308 loans have been approved, totaling \$397,344,290.

Sale of Stock - The government purchased \$30 million of Class A stock of the bank during fiscal year 1974, and another \$30 million during the current fiscal year, bringing the cumulative total of Class A stock purchases to \$120 million. Bank borrowers purchased \$5,806,067 in Class B stock during fiscal year 1974, bringing the cumulative total through June 30, 1974, to \$11,406,262. Class C stock sales amounted to \$8,000 during the year, bringing the cumulative total through June 30, 1974, to \$533,000.

Increase in Retained Earnings - Retained earnings on July 1, 1973, totaled \$932,043. In July 1973, after the payment of dividends on Class C stock, the issuance of Class B stock as a patronage refund, and an adjustment in the allowance for possible losses, retained earnings were reduced by \$140,517. During fiscal year 1974, interest income totaled \$6,139,730, of which \$5,458,690 was from loans and \$681,040 from investments. Expenses incurred during the year amounted to \$914,204 for interest expense on funds borrowed from the U.S. Treasury, directors' fees and travel, GAO audit, provision for possible losses, supplies, postage and miscellaneous expenses for amortization of preoperating costs. After deducting these costs from total income, the net income amounted to \$5,225,526. After deducting the return on Class A stock of \$1,519,959, the balance of net income amounted to \$3,705,567. Retained earnings during the year were thus increased by \$3,565,050 to \$4,497,093.

Management of the Rural Telephone Bank - The management of the telephone bank is vested in a board of directors consisting of 13 members. Two of the members, the REA Administrator and the Governor of the Farm Credit Administration, are designated in the legislation establishing the bank. Of the other 11 members, five are appointed by the President and six are elected by bank borrowers.

Interest Rates Public Law 93-32, approved May 11, 1973, provided that the bank charge a single interest rate on loans, based on the average cost of moneys to the bank, but not less than 5 percent, in lieu of the former provision for a range of interest rates based on the borrowers' ability to pay. Effective October 1, 1974, the Governor increased the bank's rate of interest from 7.5 percent to 8.0 percent.

General Administration - Operations of the telephone bank are being carried out by REA field and Washington employees and employees of the Office of the General Counsel. This has enabled the bank to hold its administrative expenses to a minimum.

The bank has been able to apply most of the established REA policies and procedures relating to REA telephone loan planning and processing. REA engineering standards and specifications, construction requirements, management techniques and loan policies generally apply to bank loans.

(c) Salaries and Expenses

Appropriation Act, 1975.....	\$19,036,000
Budget Estimate, 1976.....	<u>20,198,000</u>
Increase in Appropriation.....	+1,162,000

Adjustments in 1975:

Appropriation Act, 1975.....	\$19,036,000	
1975 Supplemental Appropriation for pay costs.....	639,000	
Activities transferred from Economic Management		
Support Center <u>a/</u>	<u>10,000</u>	
Adjusted base for 1976.....		19,685,000
Budget Estimate, 1976.....		<u>20,198,000</u>
Increase over adjusted 1975.....		<u>+513,000</u>

a/ Pursuant to Secretary's Memorandum No. 1836, dated January 9, 1974, administrative support for the Rural Development Service, previously the responsibility of EMSC, was transferred to this account. Actual transfers of \$10,000 are anticipated in 1975 and the full annual cost on a comparable basis is estimated at \$19,000 for 1976.

SUMMARY OF INCREASES AND DECREASES
(On Basis of Adjusted Appropriation)

	1975 Estimate	Increase or Decrease	1976 Estimate
GSA Space rental costs.....	\$706,000	\$+156,000	\$862,000
Annualization of pay cost increase effective in 1975.....	639,000	+248,000	887,000
Administrative support for RDS.....	10,000	+ 9,000	19,000
Increased operating costs.....	---	+100,000	100,000
All other.....	<u>18,330,000</u>	---	<u>18,330,000</u>
Total available.....	<u>19,685,000</u>	<u>+513,000</u>	<u>20,198,000</u>

PROJECT STATEMENT
(On Basis of Adjusted Appropriation)

Project	1974	1975 Estimate	Increase	1976 Estimate
1. <u>Administration of rural electrification program:</u>				
(a)Lending and management activities	\$5,033,179	\$5,481,000	\$+143,000	\$5,624,000
(b)Engineering activities.....	3,773,280	4,616,000	+120,000	4,736,000
Total, administration of electrification program.....	8,806,459	10,097,000	+263,000	10,360,000
2. <u>Administration of rural telephone program:</u>				
(a)Lending and management activities	4,287,239	5,161,000	+137,000	5,298,000
(b)Engineering activities.....	3,748,249	4,427,000	+113,000	4,540,000
Total, administration of telephone program.....	8,035,488	9,588,000	+250,000	9,838,000
Unobligated balance.....	656,653	---	---	---
Total available, or estimate.....	17,498,600	19,685,000	+513,000 <u>1/</u>	20,198,000
Proposed supplemental for increased pay costs.....	---	-639,000		
Transfer from EMSC (administrative support for RDS).....	-9,600	-10,000		
Total Appropriation.....	17,489,000	19,036,000		

EXPLANATION OF PROGRAM

The appropriation "Salaries and Expenses" of the Rural Electrification Administration enables the Administration to carry out the activities authorized by the Rural Electrification Act of 1936, as amended. In addition to processing loans for the extension and improvement of electric and telephone service in rural areas, the REA staff furnishes management and technical help to borrowers where needed to protect the government's loan security, to assure that construction and operation of their systems conform to approved standards and that the systems will provide adequate and reliable service.

Applications, Loans and Requisitions for Advances (Dollars in thousands)

	Fiscal Year 1974		Fiscal Year 1975		Fiscal Year 1976	
	Number	Amount	Number	Amount	Number	Amount
<u>Electric Program</u>						
Applications received...	592	\$2,305,836	450	\$3,172,000	480	\$3,206,000
Applications on hand, end of year...	184	427,947	160	1,498,947	170	2,690,947
Insured and direct loans approved...	494	618,594	460	700,000	450	618,000
Loan guarantee commitments...	6	974,433	20	1,286,000	20	1,286,000
Advances processed...	2,621	680,317	2,662	692,000	2,660	691,000
<u>Telephone Program 1/</u>						
Applications received -						
new borrowers	38	126,565	26	31,000	30	37,000
existing borrowers	211	390,787	175	344,000	210	413,000
Applications on hand -						
new borrowers	60	168,365	54	128,305	44	112,000
existing borrowers	317	659,515	243	514,575	226	500,880
Loans approved						
new REA borrowers	23	25,460	24	24,600	16	17,220
existing REA borrowers	101	114,540	136	175,400	96	122,780
Loans approved						
new RTB borrowers	6	16,580	6	16,400	7	18,450
existing RTB borrowers	84	146,467	124	143,600	143	161,550
Loan guarantee commitments	---	---	35	200,000	23	160,000
Advances processed						
REA borrowers	1,134	122,058	1,610	177,000	1,650	181,500
RTB borrowers	484	98,709	700	160,000	765	175,000

1/ Processing applications and advances to "new" borrowers requires more processing time than loans to "existing" borrowers.

JUSTIFICATION OF INCREASES

1) An increase of \$513,000 for administration of the rural electrification and telephone programs, consisting of:

- (a) Increased GSA space rental costs (\$156,000) - Under the current procedure the Rural Electrification Administration is required to budget for the cost of agency-occupied, GSA-controlled space. The 1975 Appropriation Act limited the Department to paying 90 percent of the standard user charge used in computing the 1975 request. For fiscal year 1976, the budget reflects 100 percent funding for the estimated billings provided by the General Services Administration.

- (b) Annualization of fiscal year 1975 pay increase (\$248,000) - The pay increase approved in fiscal year 1975 became effective October 13, 1974, and is funded in fiscal year 1975 for only 186 compensable days. The requested increase will provide for 76 additional compensable days in fiscal year 1976.
- (c) Within-grade increases (\$100,000) - As a result of absorbing within-grade increases, REA has been reducing employment at the rate of six man-years per year. Further reductions will reduce the staff below the level required to administer efficiently the loan programs and to provide needed technical assistance to REA borrowers.
- (d) Increased cost of management support for the Rural Development Service (\$9,000), (\$10,000 available in fiscal year 1975) - REA provides administrative services for the Rural Development Service. Funds for these services were transferred to REA in fiscal years 1974 and 1975, and are proposed as an appropriation transfer in fiscal year 1976. An offsetting reduction is shown for the Economic Management Support Center.

Transition Budget

Salaries and Expenses

Transition Budget Estimate..... \$5,241,000

JUSTIFICATION OF TRANSITION BUDGET ESTIMATE

The funds requested represent approximately one-fourth of the budget estimate for fiscal year 1976, plus an extra day, adjusted to include \$25 thousand to cover the cost of within-grade step increases and \$41 thousand for the increase in REA's share of GSA space costs effective in fiscal year 1976.

FARMERS HOME ADMINISTRATION

Purpose Statement

The Farmers Home Administration was established November 1, 1946, by the Farmers Home Administration Act of 1946. The following description of Farmers Home Administration's program activities includes recent changes or expansions in previous programs.

FARMER PROGRAMS:

Farm ownership loans - are made to borrowers who cannot obtain credit elsewhere to improve or purchase farms, refinance debts, finance nonfarm enterprises or make additions to farms (5 percent interest, up to 40 years to repay).

Operating loans - this program provides short-to-intermediate term production or chattel credit to farmers who cannot obtain credit elsewhere (at 8-3/4 percent interest, up to 7 years to repay).

Emergency loans - these loans are made to farmers in Presidentially or Secretarially designated disaster areas to restore production. Made at 5 percent interest and for the same general purposes as operating loans. These loans are limited to the amount of the loss.

Emergency livestock loans - this program provides temporary emergency financing through guaranteed loans to bona fide farmers and ranchers who are primarily and directly engaged in livestock operations. Loan terms are to be agreed upon between the borrower and the lender.

Soil and water loans - loans are made to associations, farmers, ranchers and non-operator owners for land and water development, use and conservation. Loans are repayable in not more than 40 years and bear interest not in excess of 5 percent.

Grazing loans these loans are generally made to associations of 3 or more ranchers for the purchase of grazing land to permit expansion of herds. Terms are 5 percent interest and 40-year repayment.

Indian tribe land acquisition loans - loans are made to qualified Indian tribes or tribal corporations to acquire land or interests in land within the tribes' reservation or Alaskan Indian community, as determined by the Secretary of the Interior. Loans are repayable in not more than 40 years and bear interest not in excess of 5 percent.

Recreation loans - loans are made to farmers and ranchers for converting all or a portion of the farms or ranches they own or operate to outdoor income-producing recreation enterprises which will supplement or supplant farm income and permit carrying on sound and successful operations. Loans are repayable in not more than 40 years and bear interest not in excess of 5 percent.

HOUSING PROGRAMS:

Subsidized housing loans - these loans are made to repair or purchase new or existing individual housing. Families having an adjusted family income of below \$8,500 and meeting certain other criteria may qualify for interest rates as low as 1 percent. Loans are repayable over a 33-year period.

Unsubsidized housing loans - these loans are made to repair or purchase new or existing individual housing in rural areas for persons of moderate income and low income persons who do not qualify for subsidized credit. The interest rate is 8-1/2 percent and the term of repayment is 33 years.

Rural rental and cooperative housing loans - insured loans are made to individuals, corporations, associations, state or local public agencies, trusts, or partnerships

to provide moderate cost rental or cooperative housing and related facilities for elderly persons and other persons of low or moderate income in rural areas. These loans are repayable in not more than 40 years, except for loans for senior citizen housing which may be 50 years, and bear interest in fiscal year 1975 at 8-1/2 percent with provisions for interest reductions under certain circumstances. These loans, with the exception of loans to state or local public agencies, are made only if the need for necessary housing cannot be met with financial assistance from other sources.

Very low income housing repair loans - direct repair and improvement loans up to \$5,000 are made at one percent interest for not more than 20 years only to very low-income families who are owners of farms or nonfarm rural property to repair or improve their dwellings in order to make them safe and sanitary or to remove health hazards to the families or the community.

Farm labor housing loans - insured loans are made to a farmer owner, to a public or private nonprofit organization, or to a nonprofit organization of farmworkers incorporated within a State to provide modest living quarters, basic household furnishings, and related facilities, including land necessary for an adequate site, for domestic farm labor. These loans are repayable in not more than 33 years and bear interest not in excess of 1 percent. Loans to organizations may be made simultaneously with farm labor housing grants.

Farm labor housing grants - grants can be made to public or broad-based private nonprofit organizations, State or political subdivisions, or nonprofit organizations of farmworkers within a State for domestic farm labor. Grant assistance, not to exceed 90 percent of the total development costs, is provided for new structure or rehabilitation of existing buildings suitable for dwelling use by domestic farm labor. Funds also may be used for essential related facilities such as dining halls, community rooms or buildings, infirmaries or other essential services, including basic household furnishings. These grants may be made simultaneously with farm labor housing loans.

Site development loans - are made for purchase and development of land to be subdivided into building sites and sold on a nonprofit basis to low income families or to organizations for rental or cooperative housing. Insured loans are made at 9 percent interest in fiscal year 1975 for a two-year period.

Mutual and self-help housing grants - these grants are especially designed to aid the development of mutual or self-help housing programs under which groups of families build their own homes by mutually exchanging labor. Grants are used to provide technical and supervisory assistance to families who build their homes by the self-help method.

Self help site development loans - direct site loans are made at 3 percent interest for a two-year period to develop building sites for sale in connection with self-help projects.

COMMUNITY PROGRAMS:

Community facilities loans - loans are authorized to public, quasi-public, and non-profit associations and to certain Indian tribes for essential community facilities including necessary related equipment. Loans are repayable in not more than 40 years and bear interest not in excess of 5 percent.

Water and waste disposal loans - loans are authorized to public, quasi-public, and nonprofit associations and to certain Indian tribes for replacement or upgrading of water systems, waste disposal systems, or for combined purposes. These loans are made at 5 percent interest for 40 years.

Water and waste disposal grants - development grants are authorized to be made to public or quasi-public agencies for the development, storage, treatment, purification, and distribution of domestic water or the collection, treatment, or

disposal of waste in rural areas. Grants may not exceed 50 percent of the development cost of the projects and supplement other funds borrowed or furnished by applicants to pay development costs.

Rural industrialization loans - loans are authorized to public, private, or cooperative associations organized for profit or nonprofit, to certain Indian tribes or tribal groups, or to individuals for the purpose of improving, developing, or financing business, industry, and employment and improving the economic and environmental climate in rural communities. These loans are made at commercial rates if insured and at rates agreed upon by borrower and lender if guaranteed.

Rural development grants - made to public bodies for the development of industrial facilities including land, buildings, equipment, and supporting facilities.

Watershed works of improvement and flood prevention loans - made to sponsors of projects approved for operation by the Soil Conservation Service. Loans are made to local organizations for installing, repairing, or improving works of improvement and water storage facilities, purchasing sites or rights-of-way, and for related costs. These loans are repayable in not more than 50 years at an interest rate based on the average rate paid by the U.S. Treasury on obligations of similar maturity. The rate for the 1975 fiscal year is 4.371 percent. Total loans outstanding on any one project may not exceed \$5,000,000.

Resource conservation and development loans - are made to sponsors of projects approved for operation by the Soil Conservation Service. Loans are made to local organizations and individuals for planned conservation measures and works of improvement as specified in approved work plans. These loans are repayable in not more than 30 years, with repayment of principal and interest deferred up to 5 years, if necessary. Loans bear interest at a rate based on the average rate paid by the U.S. Treasury on obligations of similar maturity. The rate for the 1975 fiscal year is 4.371 percent.

General. In fiscal year 1975, the budgeted lending program will be comprised of insured loans, except for business and industrial, and temporary emergency livestock loan guarantees, and direct loans for very low income housing repair. Insured loans, which are made from the revolving funds, are held in a pool as security for certificates of beneficial ownership sold to investors. The purchaser's investment is fully insured by the Government against any loss of either principal or interest. FmHA performs all collection and servicing functions in connection with the loans. The Rural Development Act of 1972 authorized financial assistance to be provided to borrowers by guaranteeing loans made by a Federal or State chartered bank, savings and loan association, cooperative lending agency, or other legally organized lending agency. The term "guarantee" is defined as "to guarantee the payment of a loan originated, held, and serviced by a private financial agency or other lender approved by the Secretary." Technical guidance in planning and carrying out sound operations is provided borrowers on the basis of their individual problems and needs. No loan is made to anyone who can secure adequate credit from other sources at reasonable rates, except for rural industrialization and certain initial emergency loans. A local county or area committee is generally required to certify each applicant and each loan or grant.

On July 1, 1974, FmHA was servicing the accounts of about 751,000 individual borrowers and 9,270 association borrowers serving approximately 2,934,000 families, excluding those benefiting from watershed loans, with principal indebtedness of \$12,718,315,000. Under the program direction of the Washington headquarters, the service was provided through 42 State Offices, a National Finance Office in St. Louis, Missouri, and approximately 1,760 county offices utilizing the services of about 3,000 supervisors and 6,700 local committeemen.

Available Funds and Man-Years, 1974 and Estimated 1975 and 1976

(Note: The following table reflects loan authorizations and obligations under revolving funds, appropriations, and transfers from other agencies.)

Item	Actual 1974		Estimated Available 1975		Budget Estimate 1976	
	Amount	Man- Years	Amount	Man- Years	Amount	Man- Years
Farmers Home Administration:						
Rural housing insurance fund:						
Direct housing loans	\$10,000,000	--	\$20,000,000	--	\$20,000,000	--
Permanent appropriation for insufficiencies on participation sales	863,245	--	1,416,000	--	1,616,000	--
Reimbursement for premium interest to investors and other losses	89,170,000	--	124,592,000	--	122,000,000	--
Subtotal, rural housing insurance fund .	100,033,245	--	146,008,000	--	143,616,000	--
Agricultural credit insurance fund	74,554,000	--	485,262,000	--	169,214,000	--
Rural development insurance fund	--	--	17,446,000	--	25,214,000	--
Rural water and waste disposal grants	30,000,000	a/--	30,000,000	a/--	150,000,000	a/--
Rural development grants .	10,000,000	--	13,750,000	--	10,000,000	--
Rural community fire protection grants	--	--	3,500,000	--	--	--
Rural housing for domestic farm labor	7,500,000	--	5,000,000	--	--	--
Mutual and self-help housing grants	4,000,000	--	5,000,000	b/--	--	--
Salaries and expenses:						
Direct appropriation	120,742,478	)	132,025,000	)	142,850,000)
Transfer from ACIF	500,000	) 7,695	500,000	) 7,900	500,000	) 8,190
Transfer from RHIF	750,000	)	3,000,000	)	3,000,000)
Subtotal, salaries and expenses	121,992,478	7,695	135,525,000	7,900	146,350,000	8,190
Deduct allotments to other agencies	-350,000	-8	--	--	--	--
Net, salaries and expenses	121,642,478	7,687	135,525,000	7,900	146,350,000	8,190
Total	347,729,723	7,687	841,491,000	7,900	644,394,000	8,190
Other obligations under Farmers Home Administration accounts:						
Agricultural credit insurance fund (emergency loan administrative funds)	6,495,237	428	5,060,000	264	4,046,000	224
Deduct allotments to other agencies	-31,915	-2	-60,000	-4	-60,000	-4
Net, agricultural credit insurance fund (emergency loan administrative funds) .	6,463,322	426	5,000,000	260	3,986,000	220

Available Funds and Man-Years, 1974 and Estimated 1975 and 1976 - Continued

Item	Actual		Estimated		Budget Estimate	
	1974		Available 1975		1976	
	Amount	Man-Years	Amount	Man-Years	Amount	Man-Years
Obligations under other	:	:	:	:	:	:
USDA appropriations:	:	:	:	:	:	:
Soil Conservation Service:	:	:	:	:	:	:
Watershed protection and	:	:	:	:	:	:
flood prevention	519,460:	33:	533,000:	33:	540,000:	33
Resource conservation and	:	:	:	:	:	:
development	206,640:	13:	211,000:	13:	199,000:	12
Total, Soil Conserva-	:	:	:	:	:	:
tion Service	726,100:	46:	744,000:	46:	739,000:	45
Total, Agricultural Approp-	:	:	:	:	:	:
riation Bill c/	354,919,145:	8,159:	347,235,000:	8,206:	649,119,000:	8,455
Other funds:	:	:	:	:	:	:
Other program funds from	:	:	:	:	:	:
Federal sources	10,242,228:	--:	7,427,000:	--:	--:	--
Other administrative funds	:	:	:	:	:	:
from Federal sources	380,074:	9:	400,000:	8:	400,000:	8
Total, Other funds ...	10,622,302:	9:	7,827,000:	8:	400,000:	8
Total, Farmers Home	:	:	:	d/	:	:
Administration	365,541,447:	8,168:	855,062,000:	8,214:	649,519,000:	8,463

	1974 Actual	1975 Estimated	1976 Estimated
End-of-year Employment:			
Permanent full-time	6,607	6,600	6,700
Other	3,399	3,000	3,300
Total	<u>10,006</u>	<u>9,600</u>	<u>10,000</u>

a/ In addition, \$120,304,165 of unobligated balances from prior-year appropriations was available in 1974, and \$126,869,455 is available in 1975.

b/ In addition, \$1,212,348 of unobligated balances from prior-year appropriations is available in FY 1975.

c/ Excludes insured and guaranteed loans as follows:

	1974 Actual	1975 Estimated	1976 Estimated
Agricultural Credit Insurance			
Fund.....	1,044,220,110	1,119,000,000	1,019,000,000
Rural Housing Insurance Fund....	1,774,787,380	2,232,000,000	2,122,000,000
Rural Development Insurance			
Fund.....	719,810,340	1,020,000,000	900,000,000
Total, Insured Loans.....	<u>3,538,817,830</u>	<u>4,371,000,000</u>	<u>4,041,000,000</u>

d/ The 1975 Appropriation Act provides that "employees of Agricultural Stabilization and Conservation County Committees may be utilized for part-time and intermittent assistance to the Farmers Home Administration in carrying out its programs." However, no estimate of the man-years of assistance available under this provision is included in the 1975 man-years figure.

FARMERS HOME ADMINISTRATION
Obligations for All Loan and Grant Programs
(Dollars in Thousands)

Type of Loan	1974 Actual	1975 Estimate	1976 Estimate
Agricultural Credit Insurance Fund:			
Farm ownership loans	\$352,161	\$350,000	\$350,000
Farm operating loans	524,994	525,000	525,000
Recreation loans to individuals	986	1,500	2,000
Emergency loans	128,337	200,000	100,000
Soil and water loans to individuals	3,627	3,000	3,000
Association loans:			
Irrigation and drainage	523	1,000	1,000
Brazing	2,827	4,000	4,000
Recreation facilities	25	500	- -
Indian Tribe land acquisition	9,850	10,000	10,000
Soil Conservation Service Loans:			
Watershed protection loans	19,802	20,000	20,000
Flood prevention loans	- -	400	400
Resource conservation and development loans	1,088	3,600	3,600
Subtotal, Agricultural Credit Insurance Fund	<u>1,044,220</u>	<u>1,119,000^{1/}</u>	<u>1,019,000</u>
Rural Housing Insurance Fund:			
Low-Income Housing Assistance:			
Subsidized Loans:			
Repair loans (Section 504)	4,430	20,000	20,000
General purpose loans (Section 502) .	705,438	1,236,000	1,136,000
Domestic farm labor loans (Section 514)	10,000	10,000	- -
Rental or cooperative loans (Section 515)	134,983	100,000	100,000
Unsubsidized Loans:			
General purpose loans (Section 502) .	102,490	93,000	93,000
Site loans (Section 524)	811	1,800	1,800
Moderate-Income Housing Assistance:			
Unsubsidized Loans:			
General purpose loans (Section 502) .	781,955	744,000	744,000
Rental or cooperative loans (Section 515)	38,331	46,000	46,000
Site loans (Section 524)	779	1,200	1,200
Subtotal, Rural Housing Insurance Fund	<u>1,779,217</u>	<u>2,252,000</u>	<u>2,142,000</u>
Rural Development Insurance Fund:			
Water and waste disposal loans	469,999	470,000	400,000
Community facility loans	49,831	200,000	200,000
Business and industrial loans	199,981	350,000	300,000
Subtotal, Rural Development Insurance Fund	<u>719,810^{2/}</u>	<u>1,020,000</u>	<u>900,000</u>
Self-Help Housing Land Development Fund:			
Mutual and self-help housing site loans .	301	900	- -
TOTAL LOANS	<u>3,543,548</u>	<u>4,391,900</u>	<u>4,061,000</u>
Type of Grant			
Rural Water and Waste Disposal Grants:			
Community facilities - water and waste disposal grants	<u>23,763</u>	<u>156,869</u>	<u>150,000</u>

Obligations for All Loan and Grant Programs - Continued

Type of Grant	1974 Actual	1975 Estimate	1976 Estimate
Rural Development Grants:			
Business and industrial grants	<u>\$9,997</u>	<u>\$10,000</u>	<u>\$10,000</u>
Rural Housing for Domestic Farm Labor:			
Domestic farm labor housing grants	<u>10,081</u>	<u>5,000</u>	<u>- -</u>
Mutual and Self-Help Housing:			
Mutual and self-help housing grants	<u>3,832</u>	<u>6,212</u>	<u>- -</u>
Appalachian Regional Commission Grants	<u>2,395</u>	<u>6,767</u>	<u>- -</u>
Department of Commerce Grants	<u>6,448</u>	<u>660</u>	<u>- -</u>
Department of Army Grants	<u>1,500</u>	<u>- -</u>	<u>- -</u>
TOTAL GRANTS	<u>58,015^{2/}</u>	<u>185,508</u>	<u>160,000</u>
GRAND TOTAL, LOANS AND GRANTS	<u>3,601,563</u>	<u>4,577,408</u>	<u>4,221,000</u>

^{1/} Includes an additional \$100 million for emergency loans approved subsequent to the submission of the Budget, but excludes Emergency Livestock Credit Act, of 1974, P.L. 93-357, (authorization \$2 billion).

^{2/} Totals do not add owing to rounding.

FARMERS HOME ADMINISTRATION

Number of Loans and Grants for All Programs

Type of Loan	1974 Actual	1975 Estimate	1976 Estimate
Agricultural Credit Insurance Fund:			
Farm ownership loans	11,997	11,000	9,600
Farm operating loans	53,865	51,000	50,500
Recreation loans to individuals	25	35	37
Emergency loans	22,434	25,640	9,000
Soil and water loans to individuals	481	350	310
Association loans:			
Irrigation and drainage	7	7	7
Grazing	12	17	14
Recreation facilities	1	20	- -
Indian Tribe land acquisition	9	11	10
Soil Conservation Service loans:			
Watershed protection loans	39	65	65
Flood prevention loans	- -	1	1
Resource conservation and development loans	19	38	29
Subtotal, Agricultural Credit Insurance Fund	88,889	88,184 ^{1/}	69,573
Rural Housing Insurance Fund:			
Low-Income Housing Assistance:			
Subsidized Loans:			
Repair loans (Section 504)	2,635	11,000	11,000
General purpose loans (Section 502)	38,166	62,700	51,525
Domestic farm labor	76	67	- -
Rental or cooperative loans (Section 515)	634	432	393
Unsubsidized Loans:			
General purpose loans (Section 502)	10,278	7,950	7,100
Site loans (Section 524)	5	10	10
Moderate-Income Housing Assistance:			
Unsubsidized Loans:			
General purpose loans (Section 502)	45,927	40,125	35,825
Rental or cooperative loans (Section 515)	245	270	245
Site loans (Section 524)	4	6	6
Subtotal, Rural Housing Insurance Fund	97,970	122,560	106,104
Rural Development Insurance Fund:			
Water and waste disposal loans	1,326	1,462	1,100
Community facility loans	102	463	410
Business and industrial loans	399	784	600
Subtotal, Rural Development Insurance Fund	1,827	2,709	2,110
Self-Help Housing Land Development Fund:			
Mutual and self-help housing site loans	2	6	- -
TOTAL LOANS	188,688	213,459	177,787

Type of Grant

Rural Water and Waste Disposal Grants:			
Community facilities - water and waste disposal grants	241	875	750
Rural Development Grants:			
Business and industrial grants	136	140	124
Rural Housing for Domestic Farm Labor:			
Domestic farm labor housing grants	11	5	- -

Number of Loans and Grants for All Programs - Continued

Type of Grant	1974 Actual	1975 Estimate	1976 Estimate
Mutual and Self-Help Housing:			
Mutual and self-help housing grants	29	43	- -
Appalachian Regional Commission Grants	14	23	- -
Department of Commerce Grants	79	10	- -
Department of Army Grants	1	- -	- -
TOTAL GRANTS	<u>511</u>	<u>1,096</u>	<u>874</u>
GRAND TOTAL, LOANS AND GRANTS	<u>189,199</u>	<u>214,555</u>	<u>178,661</u>

1/ Excludes Emergency Livestock Credit Act of 1974, P.L. 93-357.

Rural Housing Insurance Fund

(a) Direct Loan Authorization

Appropriation Act, 1975	\$20,000,000
Budget Estimate, 1976	<u>20,000,000</u>
Increase in Loan Authorization	<u>- -</u>

PROJECT STATEMENT
(On basis of authorizations)

Project	:	1974	:	1975	:	Increase or Decrease	:	1976
	:		:	(estimated)	:		:	(estimated)
Direct loan authorizations:	:		:		:		:	
Very low-income repair	:		:		:		:	
loans	:	\$4,429,729	:	\$20,000,000	:	- -	:	\$20,000,000
Unobligated authorization	:		:		:		:	
lapsing	:	5,570,271	:	- -	:	- -	:	- -
Total, loan authorizations ..	:	10,000,000	:	20,000,000	:	- -	:	20,000,000

EXPLANATION OF PROGRAM

Direct repair and improvement loans not in excess of \$5,000 are made to very low-income owners of farms or nonfarm rural property in open country or towns up to 10,000 to repair or improve their dwellings in order to make them safe and sanitary and to remove health hazards to the families and the community. These loans are made at one percent interest and are repayable in not more than 20 years. In the case of applicants who are deficient in repayment ability, cosigners on promissory notes are permitted.

(b) Reimbursement for Losses

Appropriation Act, 1975	\$124,592,000
Budget Estimate, 1976	<u>122,000,000</u>
Decrease in Appropriation	<u>-2,592,000</u>

PROJECT STATEMENT
(On basis of appropriation)

Project	:	1974	:	1975	:	Increase or Decrease	:	1976
	:		:	(estimated)	:		:	(estimated)
Reimbursement of additional	:		:		:		:	
yield to investors for	:		:		:		:	
loans insured after	:		:		:		:	
August 1, 1968, (sec.	:		:		:		:	
521c) of Housing Act ...	:	\$53,342,000	:	\$74,893,000	:	+\$11,149,000	:	\$86,042,000
Reimbursement for other	:		:		:		:	
losses	:	35,828,000	:	49,699,000	:	-13,741,000	:	35,958,000
Total	:	89,170,000	:	124,592,000	:	-2,592,000(1)	:	122,000,000

EXPLANATION OF PROGRAM

Section 521(c) of the Housing Act of 1949, as amended, authorizes annual appropriations to the Rural housing insurance fund of the amounts by which interest payments made from the fund to investors in insured loans exceed the interest due from borrowers.

In addition, section 517(e) of the Act authorizes appropriations to restore all other losses to the fund. The amount requested is exclusive of provision for future losses, unfunded costs, and imputed interest.

JUSTIFICATION OF DECREASE

(1) A decrease of \$2,592,000 for reimbursement of losses (\$124,592,000 available in 1975).

The amount requested will reimburse the Rural housing insurance fund for losses incurred through June 30, 1974, including actual payments made to investors in January of 1974.

An analysis of the accrued operating deficit, exclusive of provision for future losses, unfunded costs, and imputed interest, is as follows:

	1974 <u>Actual</u> (-----Dollars in thousands-----)	1975 <u>Estimated</u>	1976 <u>Estimated</u>
<u>OPERATING INCOME</u>			
Interest income:			
Interest on investments	\$3,001	\$3,941	\$4,431
Interest on loans receivable	52,488	137,625	235,900
Insurance charges	9,586	10,600	11,600
Other interest income	28	39	48
Other income	1,839	486	536
Total operating income	<u>66,940</u>	<u>152,691</u>	<u>252,515</u>
<u>OPERATING EXPENSE</u>			
Interest expense:			
Interest on Treasury borrowings	-21,209	-39,400	-31,400
Interest on participation certificates ...	-9,341	-9,341	-9,341
Interest on certificate of beneficial ownership	-2,491	-188,503	-442,753
Interest on withheld collections	-38,095	-33,719	-28,894
Premium interest to investors	-51,309	-45,562	-38,936
Interest supplements on loans receivable .	-57,253	-65,000	-60,000
Write-off of interest receivable	-314	-452	-628
Other expense:			
Administrative expense	-750	-3,000	-3,000
Amortized discount on participation certificates	-10	-10	-10
Insured loan and certificates of beneficial ownership sales expense	-1,300	-17	-17
Write-off of loans and other receivables .	-7,821	-2,520	-2,712
Other	-765	-780	-840
Total operating expense	<u>-190,658</u>	<u>-388,304</u>	<u>-618,531</u>
Operating surplus or deficit (-)	<u>-123,718</u>	<u>-235,613</u>	<u>-366,016</u>
Less: Amounts recovered for participation certificate transactions ...	1,718	1,416	1,616
Net surplus or deficit (-)	<u>-122,000</u>	<u>-234,197</u>	<u>-364,400</u>

In accordance with the accounting principles and standards followed by FmHA, the previous schedule is prepared on an accrual basis. The following schedule summarizes the change in the cash position of the fund:

	1974 Actual (-----Dollars in thousands-----)	1975 Estimated	1976 Estimated
Cash balance, beginning of the year	\$399,249	\$103,080	\$1,413,762
Funds for program operations:			
Funds received:			
Repayments on loans	39,878	147,600	252,600
Payment of interest on loans	40,172	103,200	176,325
Sale of loans	684,759	136,000	- -
Sale of certificates of beneficial ownership	212,642	3,737,091	2,334,326
Collections received for investors	621,996	523,700	439,400
Insurance premiums	9,514	10,070	11,250
Other receipts	33,796	20,536	19,911
Total funds received	<u>1,642,757</u>	<u>4,678,197</u>	<u>3,234,912</u>
Funds expended:			
Loans made by the fund	-1,479,756	-2,149,997	-2,028,362
Loans purchased from investors	-715,018	-561,480	-352,230
Collections disbursed to investors	-559,129	-546,201	-481,750
Interest on borrowings from Treasury	-21,175	-39,400	-31,400
Interest on withheld collections	-18,560	-13,746	-8,624
Premium interest paid investors	-53,197	-48,406	-42,249
Interest on certificates of benefi- cial ownership	- -	-17,503	-359,503
Interest credits on loans	-60,090	-65,000	-60,000
Administrative expense	- -	-3,000	-3,000
Interest transferred on participation certificates	-6,017	-4,289	-3,562
Other expense	-19,849	-26,175	-26,382
Total funds expended	<u>-2,932,791</u>	<u>-3,475,197</u>	<u>-3,396,912</u>
Outlays a/	<u>-1,290,034</u>	<u>1,203,000</u>	<u>-162,000</u>
Funds for financing:			
Treasury borrowings	925,000	- -	- -
Appropriation for reimbursement of losses	89,170	124,592	122,000
Funds for payment of sales insuffi- ciencies	863	1,416	1,616
Principal transferred on participation certificates	-21,168	-18,326	-15,299
Net financing	<u>993,865</u>	<u>107,682</u>	<u>108,317</u>
Cash balance, end of year	<u>103,080</u>	<u>1,413,762</u>	<u>1,360,079</u>

a/ A negative amount represents expenditures in excess of receipts. A positive amount represents receipts in excess of expenditures.

As of June 30, 1974, the unpaid principal balance of insured loans held by investors totaled \$5,578.9 million. The projected liability for premium interest on these loans held by investors through the end of the holding period is estimated to be \$272.3 million.

(c) RURAL HOUSING LOANS - OBLIGATIONS
(Dollars in millions)

	<u>1974 actual</u>		<u>1975 estimate</u>		<u>Change 1976 Amount over 1975</u>	<u>1976 estimate</u>	
	<u>No. of Units</u>	<u>Amount</u>	<u>No. of Units</u>	<u>Amount</u>		<u>No. of Units</u>	<u>Amount</u>
Low-Income Housing							
Assistance:							
Interest Credit Loans:							
Repair loans(sec.504)	2,185	\$4.4	9,000	\$20.0	- -	9,000	\$20.0
General purpose loans (sec. 502):							
Purchase of new dwellings	28,584	555.6	31,800	700.0	-\$50.0(1)	26,400	650.0
Purchase of exist- ing dwellings.	8,507	148.6	28,800	533.5	-50.2(1)	23,300	483.3
Repair only	140	1.1	300	2.5	+.2(1)	300	2.7
Refinancing	7	.1	- -	- -	- -	- -	- -
Domestic farm labor housing loans (sec.514)	1,700	10.0	1,500	10.0	-10.0(2)	- -	- -
Rental or coopera- tive loans (sec.515)	10,400	135.0	8,070	100.0	- -	7,460	100.0
Site loans(sec.524)	- -	.8	- -	- -	- -	- -	- -
Non-Interest Credit Loans:							
General purpose loans (sec.502).....	7,245	102.5	5,600	93.0	- -	5,000	93.0
Subtotal, Low Income Housing Assistance	58,768	958.1	85,070	1,459.0	-110.0	71,460	1,349.0
Moderate-Income Housing							
Assistance:							
Non-Interest Credit Loans:							
General purpose loans (sec.502)	42,060	782.0	36,650	744.0	- -	32,725	744.0
Rental or cooperative loans(sec.515).	5,100	38.3	3,680	46.0	- -	3,200	46.0
Site loans(sec.524)...	- -	.8	- -	3.0	- -	- -	3.0
Subtotal, Moderate- Income Housing Assistance	47,160	821.1	40,330	793.0	- -	35,925	793.0
TOTAL	105,928	1,779.2	125,400	2,252.0	-110.0	107,385	2,142.0

NOTE: The program levels and number of units for 1975 and 1976 are subject to shifts between categories.

EXPLANATION OF PROGRAM

The Rural Housing Insurance Fund was established under the authority contained in section 1003(a) of the Housing and Urban Development Act of 1965 (Public Law 89-117), approved August 10, 1965. Public Law 89-117 authorized an appropriation of such sums as may be necessary for the purposes of the fund. An appropriation of \$100,000,000 was provided by the Supplemental Appropriation Act, 1966 (Public Law 89-309) to capitalize the fund for future operations.

Public Law 89-117 transferred authorities for making insured farm labor housing loans and insured rural rental or cooperative housing loans from the Agricultural credit insurance fund to the Rural housing insurance fund. Public Law 90-448, approved August 1, 1968, authorized interest credits to the accounts of certain

qualified borrowers. Public Law 91-152, approved December 24, 1969, transferred the assets, liabilities, and authorizations of the Rural housing direct loan account to the Rural housing insurance fund. Public Law 91-609, approved December 31, 1970, made a number of changes in the loan and grant programs for farm labor housing.

Rural housing building and repair loans. Loans are made to enable eligible low and moderate-income applicants to construct, improve, alter, repair or replace dwellings in rural areas, if their need for necessary housing cannot be met with financial assistance from other sources. These loans currently bear interest at 8-1/2 percent with provisions for interest credits up to 7-1/2 percent under certain circumstances. Such loans may not exceed amounts necessary to provide adequate housing, modest in size, design and cost. Insured building loans are made to farm owners, owners of other real estate in rural areas, others who are or will become rural residents, and long-term leaseholders. These loans are repayable in not more than 33 years. Loans are limited to rural areas which include towns, villages or other rural places with a population up to 10,000, which are not part of an urban area.

Rural rental and cooperative housing loans. Loans are authorized to be made to individuals, corporations, associations, public bodies, trusts, or partnerships to provide moderate cost rental or cooperative housing and related facilities for elderly persons and other persons of low and moderate incomes in rural areas. These loans are repayable in not more than 40 years (except loans for housing for the elderly which are repayable in not more than 50 years) and currently bear interest at 8-1/2 percent with provision for interest credits up to 7-1/2 percent under certain circumstances. These loans are made only if the need for necessary housing cannot be met with financial assistance from other sources except in the case of public bodies. Loans are limited to rural areas which include towns, villages or other rural places with a population up to 10,000 which are not part of an urban area.

Farm labor housing loans. Loans are authorized to be made to a farm owner, to certain public or broad-based private nonprofit organizations, public bodies, or to a nonprofit organization of farm workers incorporated within a State to provide modest living quarters, basic household furnishings, and related facilities, including land necessary for an adequate site, for domestic farm labor. These loans are repayable in not more than 33 years and bear interest not in excess of one percent. Loans to organizations may be made simultaneously with farm labor housing grants which are discussed elsewhere in these justifications.

JUSTIFICATION OF INCREASES AND DECREASES

(1) A net decrease of \$100 million for subsidized low-income rural housing loans to individuals (\$1,236 million available in 1975) consisting of:

- A decrease of \$50,000,000 for purchase of new houses.
- A decrease of \$50,200,000 for purchase of existing houses.
- An increase of \$200,000 for repair only loans.

The rural housing program has proven to be costly. The fiscal year 1975 deficit for the Rural housing insurance fund is estimated to be about \$234.2 million compared to \$122 million in fiscal year 1974. The 1976 Budget proposes a return to the amount proposed in the 1975 Budget for subsidized low-income rural housing loans.

(2) A decrease of \$10 million for subsidized farm labor housing loans (\$10 million available in 1975). Each year, more farmworker families cease to be migrants and establish permanent residence in a community, even though they continue to do seasonal farm labor. The 1 percent labor housing loan program, with a grant provision of up to 90 percent of the development cost for organizations, results in very high Federal outlays relative to the number of persons benefited. No funds are requested in 1976 because the Government can better serve the housing needs of farmworkers through other programs.

TRANSITION BUDGET

Rural Housing Insurance Fund

Transition Budget Estimate \$535,500,000

Loan Levels

Moderate-income housing loans	\$186,000,000
Low-income housing loans	307,250,000
Rural rental housing loans	36,500,000
Very low-income housing repair loans	5,000,000
Rural housing site development loans	750,000
	<u>\$535,500,000</u>

JUSTIFICATION OF TRANSITION BUDGET ESTIMATE

The funds requested represent one-fourth of the budget estimate for fiscal year 1976.

STATUS OF PROGRAM

Direct Loans

During fiscal year 1974, a total of \$4,429,729 was obligated for 2,635 direct very low-income housing repair loans, including \$47,469 for loan cost items from the authorization to make such loans. The appropriation act for 1975 provided authority to use \$20,000,000 from funds available in the Rural housing insurance fund for direct rural housing loans, as shown in the following table:

	<u>1974 Actual</u>		<u>1975 Estimate</u>	
	<u>Number</u>	<u>Amount</u> (Thousands)	<u>Number</u>	<u>Amount</u> (Thousands)
Very low-income housing repair loans (sec. 504):				
Initial	2,185	\$3,990	9,000	\$18,000
Subsequent	450	393	2,000	2,000
Recoverable costs	- -	47	- -	- -
Total	<u>2,635</u>	<u>4,430</u>	<u>11,000</u>	<u>20,000</u>

Rural Housing Loans

The following table shows the number and amount of rural housing loans made in 1974 and estimates for the 1975 fiscal year.

	<u>1974 Actual</u>		<u>1975 Estimate</u>	
	<u>Number</u>	<u>Amount</u> (Thousands)	<u>Number</u>	<u>Amount</u> (Thousands)
Rural housing building loans (sec. 502):				
Initial	86,543	\$1,565,638	103,150	\$2,047,000
Subsequent	7,828	24,245	7,625	26,000
Rural housing site loans (sec. 524):				
Initial	6	1,351	10	2,500
Subsequent	3	239	6	500
Rural rental housing loans (sec. 515):				
Initial	562	140,663	410	112,900
Subsequent	317	32,651	292	33,100
Farm labor housing loans (sec. 514):				
Initial	61	5,145	53	5,016
Subsequent	<u>15</u>	<u>4,855</u>	<u>14</u>	<u>4,984</u>
Total	<u>95,335</u>	<u>1,774,787</u>	<u>111,560</u>	<u>2,232,000</u>

As of January 1, 1974, \$8,271,315,221 had been advanced to 723,502 borrowers under the housing program. Principal payments of \$1,579,354,370 and interest payments of \$1,230,671,338 had been made. Principal write-offs and judgments totaled \$11,515,364.

By January 1, 1974, 139,102 borrowers had paid their rural housing loans in full. As of the same date, cumulative annual installments in the amount of \$1,497,581,503 were due from the 584,400 borrowers with outstanding loan balances. The regular principal and interest payments on these installments were \$1,548,102,504. This represents cumulative regular payments to cumulative installments of 103 percent.

Extra payments and refunds of \$29,507,409 were also applied to those borrowers' accounts. On January 1, 1974, 63 percent of the total borrowers with outstanding loan balances were ahead of schedule an average of \$174 and 19 percent were behind schedule an average of \$441.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table I - Total Very Low Income Housing Repair Loans - Funds Obligated and Furnished by Borrowers,
and Use of Funds, 1974 Fiscal Year
(Dollars in thousands)

State and Territory	Initial loans to borrowers									Subsequent loans to borrowers		Total amount of loans
	Number	Amount of funds			Use of funds							
		Loans	Furnished by borrower	Total	Dwellings repaired		Other buildings repaired	Water systems	Fees			
					Number	Amount						
	1	2	3	4	5	6	7	8	9	10	11	12
U.S. TOTAL												
Percent distribution				100.0%		86.0%	0.9%	12.6%	0.5%			
Amount	2,185	\$3,990	39	\$4,029	1,983	\$3,465	\$38	\$507	\$19	450	\$392	\$4,382
Alabama	121	238	1	239	105	193	*	46	1	26	26	264
Alaska	2	5	0	5	1	2	0	3	*	0	0	5
Arizona	0	0	0	0	0	0	0	0	0	0	0	0
Arkansas	65	117	*	117	51	92	1	24	1	24	25	142
California	11	16	1	17	8	11	2	4	*	2	2	18
Colorado	19	30	11	41	17	31	0	9	*	1	1	31
Connecticut	0	0	0	0	0	0	0	0	0	0	0	0
Delaware	7	23	0	23	7	23	0	0	*	0	0	23
Florida	8	14	*	14	7	14	0	1	*	1	*	14
Georgia	31	56	1	57	30	51	0	5	1	7	5	61
Hawaii	2	5	1	6	2	4	0	1	0	0	0	5
Idaho	2	4	4	8	1	3	0	1	*	2	3	7
Illinois	11	23	*	23	11	22	0	1	*	2	1	24
Indiana	5	3	0	3	5	3	0	0	0	3	2	5
Iowa	28	36	*	36	27	35	0	1	*	5	2	38
Kansas	5	4	0	4	5	4	0	0	0	3	2	6
Kentucky	348	629	3	632	321	518	3	107	2	89	73	702
Louisiana	34	44	*	44	27	34	0	10	*	12	9	53
Maine	80	180	2	182	69	152	*	30	*	21	22	202
Maryland	25	61	1	62	24	58	0	4	*	1	*	61
Massachusetts	2	5	0	5	2	4	0	1	*	0	0	5
Michigan	18	35	*	35	18	32	0	3	*	2	2	37
Minnesota	9	21	1	22	8	15	0	7	0	0	0	21
Mississippi	137	314	1	315	127	287	8	19	2	13	16	330
Missouri	115	155	*	155	106	120	1	33	*	36	25	180
Montana	2	2	0	2	2	2	0	*	0	1	*	2
Nebraska	2	4	*	4	2	4	0	0	*	1	1	5
Nevada	0	0	0	0	0	0	0	0	0	0	0	0
New Hampshire	4	8	0	8	4	8	0	0	0	0	0	8
New Jersey	2	3	0	3	2	3	0	0	0	3	3	6
New Mexico	120	253	*	253	105	200	8	45	*	39	44	297
New York	9	24	*	24	8	18	0	6	*	1	*	24
North Carolina	91	208	2	210	88	190	5	15	1	13	12	220
North Dakota	3	3	0	3	2	2	0	1	0	2	1	4
Ohio	8	9	0	9	7	9	0	*	*	4	3	12
Oklahoma	44	65	*	65	35	58	3	2	2	11	6	71
Oregon	18	27	*	27	15	23	0	3	*	1	1	28
Pennsylvania	18	31	*	31	17	29	0	2	*	4	3	34
Rhode Island	1	3	0	3	1	2	0	0	*	0	0	3
South Carolina	53	97	*	98	51	89	0	8	1	6	8	105
South Dakota	11	17	*	17	10	11	0	6	*	2	2	19
Tennessee	45	65	1	66	29	51	0	14	1	8	6	71
Texas	290	490	4	494	265	449	4	40	1	70	55	545
Utah	4	4	0	4	4	4	0	0	0	0	0	4
Vermont	10	18	0	18	7	11	0	7	*	1	1	19
Virginia	26	53	1	54	22	42	1	8	2	6	6	59
Washington	7	17	*	17	5	8	0	6	*	1	1	18
West Virginia	56	118	*	118	54	103	0	15	*	9	11	129
Wisconsin	19	42	3	45	14	34	2	10	*	5	5	47
Wyoming	2	4	0	4	2	4	0	0	0	1	1	5
Puerto Rico	255	408	4	412	253	404	0	5	3	11	8	416
Virgin Islands	0	0	0	0	0	0	0	0	0	0	0	0

NOTE: The sum of the amounts may not equal U.S. total due to rounding.

* Less than \$500.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table II - Total low-Moderate Individual Rural Housing Loans - Funds obligated and furnished by the Borrowers,
and use of Funds, 1974 Fiscal Year
(Dollars in thousands)

State and Territory	Number	Initial loans to borrowers								Subsequent loans to borrowers		Total amount of loans
		Amount of funds			Use of funds					Number	Amount	
		Loans	Furnished by borrower	Total	Dwellings	Other buildings, new, purchase, refinance and/or repair	Water systems	Land purchase	Fees			
	1	2	3	4	5	6	7	8	9	10	11	12
U.S. TOTAL												
Percent Distribution				100.0%	96.1%	0%	.5%	2.3%	1.1%			
Amount	86,543	\$1,565,638	\$36,348	\$1,601,986	\$1,539,572	\$625	\$7,250	\$37,131	\$17,408	7,828	\$24,245	\$1,589,883
Alabama	1,605	23,946	893	24,839	24,305	8	182	120	225	100	308	24,254
Alaska	129	3,690	58	3,748	3,686	0	25	17	21	10	49	3,739
Arizona	1,196	22,690	163	22,853	19,748	0	11	2,768	326	54	141	22,831
Arkansas	2,363	35,246	754	36,000	35,201	12	136	304	347	153	396	35,642
California	2,212	42,952	397	43,348	41,576	3	25	1,160	585	98	287	43,239
Colorado	1,099	22,316	396	22,713	22,249	3	29	205	227	93	371	22,687
Connecticut	506	11,248	420	11,668	10,910	14	61	550	133	37	100	11,348
Delaware	420	8,435	118	8,553	7,953	0	1	444	156	33	71	8,506
Florida	2,967	55,222	633	55,855	54,146	1	85	1,096	527	50	144	55,366
Georgia	2,014	33,051	525	33,576	32,168	14	303	639	453	193	464	33,515
Hawaii	344	9,271	379	9,650	8,313	2	11	1,200	123	4	28	9,299
Idaho	2,703	57,088	819	57,907	56,413	30	221	856	388	269	1,177	58,265
Illinois	2,443	45,355	736	46,091	44,839	17	37	740	457	266	853	46,208
Indiana	2,882	48,835	520	49,355	48,820	11	7	121	395	344	894	49,729
Iowa	2,202	34,109	1,319	35,428	34,898	6	20	135	368	298	975	35,084
Kansas	1,212	17,161	783	17,944	17,605	20	23	128	167	102	341	17,502
Kentucky	2,459	41,705	950	42,655	41,384	12	183	702	374	131	335	42,040
Louisiana	938	14,096	231	14,327	13,717	22	50	349	189	52	152	14,248
Maine	3,258	69,882	751	70,633	67,886	6	676	1,258	806	429	1,482	71,364
Maryland	1,210	25,636	724	26,360	24,509	2	13	1,397	438	78	240	25,876
Massachusetts	557	11,413	401	11,814	11,457	3	54	188	113	33	87	11,500
Michigan	3,441	67,240	2,136	69,376	67,410	9	166	1,015	777	255	752	67,992
Minnesota	1,005	17,606	771	18,377	17,838	22	63	297	157	86	466	18,072
Mississippi	3,275	54,184	542	54,726	52,448	3	368	1,194	713	244	799	54,983
Missouri	1,608	25,556	585	26,141	25,445	5	138	415	139	237	733	26,289
Montana	326	5,855	309	6,164	5,987	29	20	86	40	19	79	5,934
Nebraska	812	13,943	605	14,548	14,346	9	43	51	98	111	493	14,436
Nevada	109	2,477	54	2,531	2,513	0	4	4	10	5	17	2,494
New Hampshire	411	7,573	243	7,816	7,530	3	50	183	49	123	285	7,858
New Jersey	1,453	32,042	1,659	33,701	31,910	2	33	1,171	585	157	613	32,655
New Mexico	693	10,941	168	11,109	10,414	4	72	515	104	44	108	11,049
New York	2,178	39,843	2,780	42,623	39,615	13	57	2,095	826	212	635	40,478
North Carolina	4,740	88,438	1,873	90,311	86,554	31	891	1,862	992	584	1,457	89,895
North Dakota	657	11,131	363	11,494	10,656	6	68	607	156	105	576	11,707
Ohio	2,666	48,293	674	48,967	48,053	7	59	489	360	202	419	48,712
Oklahoma	2,532	36,564	863	37,427	36,693	46	83	391	214	170	589	37,153
Oregon	1,165	22,520	306	22,826	22,430	49	24	110	212	53	166	22,686
Pennsylvania	1,514	29,974	1,060	31,034	29,274	31	223	961	545	149	305	30,279
Rhode Island	173	3,763	92	3,855	3,613	1	71	134	37	10	15	3,778
South Carolina	2,323	38,090	602	38,692	36,524	5	501	1,155	507	196	459	38,549
South Dakota	585	8,035	410	8,445	8,167	16	41	144	77	105	587	8,622
Tennessee	3,583	56,219	1,664	57,883	56,424	24	337	573	524	283	826	57,045
Texas	2,063	33,192	1,056	34,248	33,634	31	85	284	213	146	478	33,670
Utah	1,368	28,552	687	29,239	27,307	1	33	1,675	225	77	421	28,973
Vermont	901	15,880	773	16,653	16,328	26	69	113	117	172	454	16,334
Virginia	5,630	110,628	965	111,593	105,112	16	1,218	3,596	1,650	466	1,173	111,801
Washington	1,363	24,409	241	24,650	23,550	27	24	765	284	190	510	24,919
West Virginia	2,322	42,110	1,332	43,442	41,884	7	103	980	469	150	477	42,587
Wisconsin	1,226	24,297	500	24,797	23,748	15	219	545	270	213	853	25,150
Wyoming	455	7,991	358	8,349	8,130	1	34	125	60	61	273	8,264
Puerto Rico	1,133	22,393	669	23,062	21,811	0	0	1,085	166	172	314	22,707
Virgin Islands	114	2,552	38	2,590	2,441	0	0	133	14	4	18	2,570

NOTE: In addition, the following loans and grants were obligated: Insured Labor Housing - 61 initial loans for \$5,144,730 and 15 subsequent loans for \$4,855,270 and 4 initial grants for \$3,954,570 and 7 subsequent grants for \$6,126,160; Insured Rural Rental Housing - 562 initial loans for \$140,663,110 and 317 subsequent loans for \$32,650,920; Insured Rural Housing Site and Land Development loans - 7 initial for \$1,597,200 and 3 subsequent for \$239,350; Technical Assistance Grants - 16 initial for \$2,023,140 and 13 subsequent for \$1,808,470.

The sum of the amounts may not equal U.S. total due to rounding.

UNITED STATES DEPARTMENT OF AGRICULTURE
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Table III - Rural Housing (Sections 502, 503 and 504) Loans - Number of Borrowers, Amount Loaned and Payments,
Cumulative Through January 1, 1974
(Dollars in Thousands)

State and Territory	Total number of borrowers 1/	Total amount loaned	Borrowers paid in full or otherwise satisfied				Borrowers with unpaid balance as of January 1, 1974					
			Number	Payments			Number	Scheduled installments (principal and interest)	Principal and interest payments			Extra payments and refunds
				Total	Principal 2/	Interest 3/			Total	Regular and advance payments made on scheduled installments		
										Amount	As percent of schedule	
	1	2	3	4	5	6	7	8	9	10	11	12
U.S. TOTAL	723,502	\$8,271,315	139,102	\$1,232,416	\$1,024,725	\$207,691	584,400	\$1,533,021	\$1,577,610	\$1,548,102	101	\$29,508
Alabama	32,551	326,044	6,091	51,547	43,238	8,309	26,460	72,663	74,016	72,884	100	1,132
Alaska	1,028	18,303	282	4,418	3,626	792	746	4,301	4,387	4,297	100	90
Arizona	7,904	108,369	901	7,568	6,273	1,295	7,003	14,760	14,334	13,822	94	512
Arkansas	34,414	327,049	7,439	54,008	45,730	8,278	26,975	62,505	64,045	62,935	101	1,110
California	11,421	165,175	1,686	19,416	16,094	3,322	9,735	19,900	20,304	19,741	97	563
Colorado	5,078	55,713	1,450	14,068	11,587	2,481	3,628	8,880	9,275	9,073	102	202
Connecticut	1,713	27,348	368	5,520	4,678	842	1,345	4,116	4,246	4,173	101	73
Delaware	1,612	25,241	130	1,781	1,523	258	1,482	3,691	3,788	3,655	99	133
Florida	15,446	185,955	3,163	29,205	23,654	5,551	12,283	30,563	31,566	30,940	101	626
Georgia	30,198	341,926	5,788	52,169	42,638	9,531	24,410	68,443	71,017	68,274	100	2,743
Hawaii	2,678	47,746	380	5,494	4,521	973	2,298	9,736	10,200	10,122	104	78
Idaho	10,224	149,429	1,675	17,762	14,492	3,270	8,549	22,571	22,909	22,661	100	248
Illinois	14,861	183,876	2,843	28,365	23,494	4,871	12,018	32,057	32,746	32,316	101	430
Indiana	17,587	215,471	3,088	32,466	27,523	4,943	14,499	34,742	35,396	34,963	101	433
Iowa	15,333	163,364	3,227	31,315	25,892	5,423	12,106	30,430	31,823	31,476	103	347
Kansas	8,788	87,628	2,247	20,254	16,758	3,496	6,541	17,446	18,207	17,910	103	296
Kentucky	22,883	231,465	4,566	39,493	33,531	5,962	18,317	50,536	53,214	52,472	104	742
Louisiana	13,111	123,167	3,151	23,111	18,478	4,633	9,960	28,212	29,391	29,080	103	311
Maine	16,046	185,988	3,697	30,650	26,182	4,468	12,349	27,390	28,018	27,554	101	464
Maryland	5,939	85,668	1,018	11,691	9,697	1,994	4,921	15,438	15,998	15,813	102	185
Massachusetts	1,445	21,797	221	2,474	2,136	338	1,224	2,632	2,704	2,654	101	50
Michigan	17,844	264,054	2,924	32,701	27,220	5,481	14,920	37,034	37,956	37,103	100	853
Minnesota	11,427	126,493	2,629	22,151	18,035	4,116	8,798	26,031	27,216	26,831	103	385
Mississippi	47,172	472,504	7,755	56,777	47,046	9,731	39,417	106,838	109,195	107,009	100	2,186
Missouri	30,854	295,672	8,980	66,285	55,259	11,026	21,874	54,763	57,779	55,558	101	2,221
Montana	2,841	31,120	991	10,062	8,112	1,950	1,850	6,631	6,827	6,719	101	108
Nebraska	6,005	59,000	1,571	13,037	10,721	2,316	4,434	12,071	12,735	12,562	104	173
Nevada	527	8,167	102	1,199	972	227	425	1,346	1,403	1,362	101	41
New Hampshire	2,853	37,774	468	5,637	4,906	731	2,385	5,675	5,936	5,753	101	183
New Jersey	7,863	105,409	1,619	20,035	16,801	3,234	6,244	21,283	22,281	21,852	103	429
New Mexico	5,785	46,140	1,507	8,535	7,093	1,442	4,278	8,424	8,928	8,819	105	109
New York	15,858	204,823	2,457	26,249	22,060	4,189	13,401	38,998	39,242	38,580	99	662
North Carolina	42,335	518,469	5,829	58,069	47,711	10,358	36,506	100,680	105,061	104,239	104	822
North Dakota	7,873	91,098	1,732	18,440	14,962	3,478	6,141	19,388	19,972	19,655	101	317
Ohio	15,581	211,134	2,301	24,350	20,614	3,736	13,280	29,435	29,390	28,888	98	502
Oklahoma	20,497	217,000	4,041	34,465	28,329	6,136	16,456	45,491	46,188	45,343	100	845
Oregon	5,188	67,116	1,521	16,867	14,118	2,749	3,667	9,852	10,110	9,944	101	166
Pennsylvania	11,947	153,968	2,375	19,224	16,244	2,980	9,572	26,696	27,896	27,158	102	738
Rhode Island	477	7,120	92	1,226	1,047	179	385	996	1,073	1,017	102	56
South Carolina	31,811	390,449	4,113	37,953	31,795	6,158	27,698	71,438	69,035	67,254	94	1,781
South Dakota	6,425	60,562	1,460	11,510	9,341	2,169	4,965	13,873	14,469	14,233	103	236
Tennessee	32,093	332,382	6,497	54,139	45,055	9,084	25,595	68,745	71,400	70,438	102	962
Texas	41,264	364,409	9,494	60,657	50,734	9,923	31,770	81,730	85,503	83,441	102	2,062
Utah	5,886	74,447	1,175	12,550	10,164	2,386	4,711	16,083	16,842	16,593	103	249
Vermont	4,968	63,369	940	10,913	9,448	1,465	4,028	10,152	10,620	10,454	103	166
Virginia	24,590	346,799	2,105	23,264	19,281	3,983	22,485	47,873	48,264	47,375	99	889
Washington	9,449	132,251	1,872	21,398	17,621	3,777	7,577	20,758	20,548	20,303	98	245
West Virginia	13,693	161,543	2,449	22,626	19,100	3,526	11,244	29,134	31,119	30,829	106	290
Wisconsin	16,263	208,562	3,744	38,164	31,518	6,646	12,519	35,571	37,017	36,423	102	594
Wyoming	3,118	38,186	735	7,374	6,105	1,269	2,383	7,687	7,989	7,910	103	79
Puerto Rico	10,170	95,555	2,160	13,102	10,990	2,112	8,010	15,268	15,917	15,561	102	356
Virgin Islands	586	9,020	53	680	578	102	533	2,059	2,111	2,078	101	33

1/ Includes those borrowers transferred through assumption agreements.

2/ Includes writeoffs totaling \$10,324,956 and judgments totaling \$1,007,031.

3/ Includes writeoffs totaling \$466,385 and judgments totaling \$47,118.

NOTE: The sum of the amounts may not equal U.S. total due to rounding.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table IV - Rental Housing Loans - Number of Borrowers, Amount Loaned and Payments,
Cumulative Through January 1, 1974
(Dollars in thousands)

State and Territory	Total number of borrowers	Total amount loaned	Borrowers paid in full or otherwise satisfied ^{1/}				Borrowers with unpaid balance as of January 1, 1974 ^{2/}					
			Number	Payments			Number	Scheduled installments (principal and interest)	Principal and interest payments			
				Total	Principal 2/	Interest			Total	Regular and advance payments made on scheduled installments		Extra payments and refunds
										Amount	As percent of schedule	
	1	2	3	4	5	6	7	8	9	10	11	12
U.S. TOTAL	2,291	\$186,501	152	\$6,175	\$5,339	\$836	2,139	\$28,176	\$27,497	\$26,988	96	\$509
Alabama	93	7,745	7	144	126	18	86	1,736	1,788	1,759	101	29
Alaska	3	180	1	74	65	9	2	32	33	33	103	0
Arizona	9	379	0	0	0	0	9	87	85	85	98	0
Arkansas	53	3,875	4	215	157	58	49	695	688	683	98	5
California	18	1,656	2	171	151	20	16	251	238	236	94	2
Colorado	17	993	1	131	110	21	16	125	125	123	98	2
Connecticut	33	3,428	4	170	158	12	29	680	649	648	95	1
Delaware	0	0	0	0	0	0	0	0	0	0	0	0
Florida	8	688	1	11	8	3	7	87	88	88	101	0
Georgia	42	2,260	5	135	117	18	37	457	434	433	95	1
Hawaii	5	98	1	26	24	2	4	14	13	13	93	*
Idaho	61	5,250	1	24	20	4	60	878	894	846	96	48
Illinois	62	4,854	0	0	0	0	62	752	698	698	93	*
Indiana	34	3,447	0	0	0	0	34	342	336	336	98	0
Iowa	335	20,289	11	257	233	24	324	2,738	2,828	2,755	101	73
Kansas	31	2,892	0	25	5	20	31	457	411	402	88	9
Kentucky	11	456	3	80	63	17	8	89	90	89	100	1
Louisiana	15	649	2	13	10	3	13	162	174	173	107	1
Maine	56	5,889	7	202	182	20	49	563	455	453	80	2
Maryland	1	50	0	0	0	0	1	13	13	13	100	0
Massachusetts	6	281	1	4	4	*	5	48	46	46	96	0
Michigan	75	7,642	5	171	149	22	70	822	828	791	96	37
Minnesota	99	9,494	0	0	0	0	99	1,423	1,406	1,395	98	11
Mississippi	56	6,511	2	237	205	32	54	1,079	1,094	1,049	97	45
Missouri	180	20,759	8	501	414	87	172	2,687	2,658	2,632	98	26
Montana	8	631	0	0	0	0	8	60	58	57	95	1
Nebraska	26	1,372	3	43	36	7	23	207	210	201	97	9
Nevada	1	134	0	0	0	0	1	10	9	9	90	0
New Hampshire	16	1,725	4	61	54	7	12	180	165	165	92	0
New Jersey	6	646	1	12	2	10	5	305	288	288	94	0
New Mexico	11	684	1	43	39	4	10	82	83	83	101	0
New York	4	159	0	0	0	0	4	188	143	143	76	0
North Carolina	93	4,390	15	602	532	70	78	894	929	903	101	26
North Dakota	111	9,518	2	80	61	19	109	1,404	1,363	1,353	96	10
Ohio	43	7,143	1	29	25	4	42	640	427	427	67	*
Oklahoma	53	3,557	3	102	92	10	50	448	437	411	92	26
Oregon	17	1,677	1	4	*	4	16	262	242	238	91	4
Pennsylvania	35	2,719	7	366	319	47	28	399	327	321	80	6
Rhode Island	1	48	0	0	0	0	1	9	9	9	100	0
South Carolina	29	2,989	3	190	176	14	26	637	604	590	93	14
South Dakota	96	6,775	4	151	142	9	92	668	580	580	87	0
Tennessee	70	3,930	8	232	203	29	62	860	940	885	103	55
Texas	102	8,717	2	143	119	24	100	1,350	1,329	1,307	97	22
Utah	40	2,323	8	153	139	14	32	315	323	312	99	11
Vermont	37	2,381	4	220	204	16	33	361	352	351	97	1
Virginia	32	3,292	2	270	244	26	30	611	581	574	94	7
Washington	12	1,784	0	0	0	0	12	245	188	188	77	0
West Virginia	13	744	1	17	14	3	12	160	158	158	99	0
Wisconsin	118	8,685	12	769	655	114	106	1,472	1,486	1,466	100	20
Wyoming	9	549	1	47	37	10	8	138	148	143	104	5
Puerto Rico	5	164	3	50	46	4	2	55	47	47	85	0
Virgin Islands	0	0	0	0	0	0	0	0	0	0	0	0

^{1/} The amounts include payment in full or part of the total number of notes owed by the borrowers.

^{2/} Principal writeoffs total \$6,278.

NOTE: The sum of the amounts may not equal U.S. total due to rounding.

* Less than \$500.

Table V - Labor Housing Loans -- Number of Borrowers, Amount Loaned and Payments, Cumulative Through January 1, 1974
(Dollars in Thousands)

State	Total number of borrowers	Total amount loaned	Borrowers paid in full or otherwise satisfied			Borrowers with unpaid balance as of January 1, 1974						
			Payments			Number	Scheduled installments (principal and interest)	Total	Principal and interest payments			Extra payments made on scheduled installments and refunds
			Number	Total	Principal 2/	Interest 3/			Amount	As percent of schedule	11	
	1	2	3	4	5	6	7	8	9	10	11	12
U.S. TOTAL	249	\$22,222	46	\$1,242	\$731	\$511	203	\$4,764	\$4,592	\$4,471	94	121
Alabama	10	183	3	19	16	3	7	46	48	47	102	1
Arizona	1	54	0	0	0	0	1	2	3	3	150	*
Arkansas	11	257	3	15	13	2	8	12	12	12	100	*
California	8	4,911	0	359	102	257	8	673	674	674	100	0
Colorado	5	317	0	0	0	0	5	114	90	90	79	*
Florida	16	9,029	7	449	325	124	9	2,330	2,336	2,277	98	60
Georgia	2	22	2	24	22	2	0	0	0	0	0	0
Hawaii	2	94	0	0	0	0	2	6	5	5	83	0
Idaho	11	1,505	0	36	8	28	11	382	360	359	94	1
Illinois	2	159	1	11	9	2	1	44	34	34	77	*
Indiana	3	45	0	0	0	0	3	15	14	12	80	2
Kentucky	1	5	0	0	0	0	1	*	*	*	0	0
Louisiana	12	296	2	31	21	10	10	32	36	32	100	4
Maine	14	159	3	41	37	4	11	25	26	24	96	2
Maryland	3	34	0	0	0	0	3	4	4	4	100	0
Michigan	5	60	1	12	10	2	4	3	7	7	233	0
Minnesota	3	31	1	15	13	2	2	4	4	4	100	0
Mississippi	42	1,823	4	31	26	5	38	164	202	163	99	39
Missouri	2	17	1	8	7	1	1	3	3	2	67	1
New Hampshire	7	104	2	18	18	*	5	2	3	3	150	0
New Jersey	10	57	4	24	20	4	6	11	12	9	82	2
New York	2	76	0	0	0	0	2	99	31	31	31	*
North Carolina	15	134	4	16	13	3	11	25	34	27	108	7
North Dakota	10	116	0	0	0	0	10	31	32	32	103	0
Ohio	3	59	0	0	0	0	3	19	20	19	100	*
Oklahoma	1	3	1	3	3	*	0	0	0	0	0	0
Oregon	1	165	0	35	6	29	1	8	8	8	100	0
Pennsylvania	2	30	0	0	0	0	2	1	1	1	100	0
South Carolina	3	43	0	0	0	0	3	4	5	3	75	2
South Dakota	1	11	0	0	0	0	1	4	4	4	100	0
Tennessee	4	100	0	0	0	0	4	7	7	7	100	0
Texas	12	1,529	1	39	14	25	11	438	354	354	81	*
Utah	2	102	0	0	0	0	2	5	5	5	100	0
Vermont	7	108	1	8	7	1	6	7	8	7	100	*
Virginia	4	29	0	0	0	0	4	10	10	9	90	1
Washington	4	476	1	3	3	*	3	215	184	184	86	*
West Virginia	1	15	1	17	15	2	0	0	0	0	0	0
Wisconsin	7	65	3	29	25	4	4	20	19	19	95	*

1/ The amounts include payment in full or part of the total number of notes owed by the borrower.

2/ Includes principal writeoffs of \$694.

3/ Includes interest writeoffs of \$5.

NOTE: Sum of the amounts may not equal U.S. Total due to rounding.
* Less than \$500.

Payment of Sales Insufficiencies

In fiscal years 1967 and 1968, the Farmers Home Administration was authorized to sell to private investors, through the Government National Mortgage Association, participation certificates backed by loan assets in FmHA accounts as follows:

	Direct Loan Account*	Rural Housing Direct Loan Account**	Total
	(-----Dollars in millions-----)		
1967 Sales Authorizations ...	\$488	\$112	\$600
1968 Sales Authorizations ...	600	150	750
	<u>1,088</u>	<u>262</u>	<u>1,350</u>

* This account was merged with the Agricultural Credit Insurance Fund as of September 30, 1972.

** This account was merged with the Rural Housing Insurance Fund as of June 30, 1970.

Of the 1968 authorization, \$525 million was used in the fiscal year 1968 and \$225 million was carried forward and used in 1969. Sales insufficiencies continue to result from the amount of interest due holders of participation certificates and handling costs in excess of the amount of interest earned on loans pledged as security for the certificates. The interest rates on the certificates are generally higher than the interest rates on the pledged loans. The Independent Offices Appropriation Act, 1967, appropriated, on a permanent indefinite basis, such sums as may be necessary to cover the insufficiencies from the 1967 sale of certificates. The Agriculture-Environmental and Consumer Protection Appropriation Act, 1974, did the same for the 1968 sale after an intermediate appropriation of \$13,268,000 in 1968.

1974	1975	1976
<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
(-----Dollars in thousands-----)		

Budget authority:
Rural Housing Insurance Fund
Sales authorized in
Appropriations

1967	102	--	--
1968	761	1,416	1,616
Total	<u>863</u>	<u>1,416</u>	<u>1,616</u>

Agricultural Credit Insurance Fund

(a) Reimbursement for Losses

Appropriation Act, 1975	\$485,262,000
Budget Estimate, 1976	169,214,000
Decrease in Appropriation	<u>316,048,000</u>

This appropriation is proposed to reimburse the Agricultural Credit Insurance Fund for losses incurred in fiscal year 1974. The annual reimbursement will restore the losses of the fund, exclusive of provision for future losses, unfunded costs, and imputed interest. The large decrease in losses to the fund is due to a substantial decrease in the "forgiveness" of principal and interest connected with emergency loans during FY 1974. An analysis of the accrued deficit, broken down by loan type, is shown in the following table. In accordance with the accounting principles and standards followed by FmHA, the schedule is prepared on an accrual basis:

Agricultural Credit Insurance Fund

Operating Income and Expense Statement
(Dollars in Thousands)

		Income			Expense			Net	
		Interest	Other	Total	Interest	Write-Off	Total	Total	
1974 Actual									
A. Farm Loans to Individuals:									
	Farm ownership loans	\$24,925	\$622	\$25,547	\$81,136	\$64,358	\$148,332	\$-122,785	
	Farm production loans	37,383	130	37,513	37,051	25,324	67,846	- 30,333	
	Emergency loans	1,529	-	1,529	1,934	2,016	4,789	- 3,260	
	Soil and water conservation loans.	246	1	247	818	760	1,694	- 1,447	
B. Farm Loans to Associations or Groups:									
	Irrigation and drainage loans	82	1	83	198	194	453	- 370	
	Grazing loans	385	-	385	1,901	1,958	3,959	- 3,574	
	Recreation loans	731	-	731	2,385	2,464	4,946	- 4,215	
	Indian Tribe land acquisition loans	210	-	210	285	299	664	- 454	
	Watershed protection and flood prevention loans	695	-	695	1,307	1,317	2,751	- 2,056	
	Resource conservation and development loans	74	-	74	384	337	792	- 718	
TOTAL		66,260	754	67,014	127,399	99,027	236,226	-169,214	
1975 Estimate									
A. Farm Loans to Individuals:									
	Farm ownership loans	36,257	599	36,856	109,042	19,765	130,126	- 93,270	
	Farm production loans	54,483	125	54,608	49,814	7,784	60,136	- 5,528	
	Emergency loans	2,218	-	2,218	2,568	608	3,567	- 1,349	
	Soil and water conservation loans.	386	1	387	1,027	243	1,325	- 938	
B. Farm Loans to Associations or Groups:									
	Irrigation and drainage loans	96	1	97	342	61	430	- 333	
	Grazing loans	579	-	579	2,568	608	3,222	- 2,643	
	Recreation loans	1,061	-	1,061	3,252	760	4,058	- 2,997	
	Indian Tribe land acquisition loans	289	-	289	342	91	469	- 180	
	Watershed protection and flood prevention loans	964	-	964	1,712	396	2,167	- 1,203	
	Resource conservation and development loans	96	-	96	514	91	637	- 541	
TOTAL		96,429	726	97,155	171,181	30,407	206,137	-108,988	

Agricultural Credit Insurance Fund

Operating Income and Expense Statement - Continued
(Dollars in Thousands)

	Income		Total	Expense			Total	Net Total
	Interest	Other		Interest	Write- Off	Other		
1976 Estimate								
A. Farm Loans to Individuals:								
Farm ownership loans	\$49,566	\$583	\$50,149	\$146,426	\$14,849	\$1,333	\$162,608	\$-112,459
Farm operating loans	74,481	121	74,602	66,892	5,848	2,564	75,304	- 702
Emergency loans	3,032	-	3,032	3,448	457	395	4,300	- 1,268
Soil and water conservation loans ..	527	1	528	1,379	183	55	1,617	- 1,089
B. Farm Loans to Associations or Groups:								
Irrigation and drainage loans	132	1	133	460	46	28	534	- 401
Grazing loans	791	-	791	3,448	457	46	3,951	- 3,160
Recreation loans	1,450	-	1,450	4,367	571	46	4,984	- 3,534
Indian Tribe land acquisition loans	395	-	395	460	68	37	565	- 170
Watershed protection and flood prevention loans	1,318	-	1,318	2,299	297	60	2,656	- 1,338
Resource conservation and development loans	132	-	132	690	68	32	790	- 658
TOTAL	131,824	706	132,530	229,869	22,844	4,596	257,309	-124,779

The following schedule summarizes the change in the cash position of the fund:

	1974 <u>Actual</u>	1975 <u>Estimated</u>	1976 <u>Estimated</u>
	(Dollars in Thousands)		
Cash balance, beginning of year	<u>\$323,936</u>	<u>\$245,628</u>	<u>\$1,093,186</u>
Funds for program operations:			
Funds received:			
Repayments on loans	417,220	553,500	755,450
Payment of interest on loans	48,496	64,600	91,125
Sale of loans/certificates of beneficial ownership	660,429	1,288,416	417,389
Collections received for investors ...	499,988	250,000	240,000
Insurance premiums	643	560	490
Other receipts	-7,068	4,510	4,085
Total funds received	<u>1,619,708</u>	<u>2,161,586</u>	<u>1,508,539</u>
Funds expended:			
Loans made by the fund:	-1,057,595	-1,148,044	-944,584
Loans purchased from investors	-284,287	-224,500	-199,475
Collections disbursed to investors ...	-247,443	-260,000	-250,000
Interest on certificates of beneficial ownership	- -	-33,259	-136,759
Interest on borrowings from Treasury .	-22,525	-7,000	- -
Interest on withheld collections	-4,237	-4,800	-5,500
Premium interest paid investors	-61,276	-52,800	-44,000
Interest transferred on participation certificates	-11,994	-9,269	-7,338
Administrative expense	-6,962	-4,499	-4,546
Insured loans or certificates of beneficial ownership sales expense .	-2,739	- -	- -
Other expense	-14,223	-14,305	-11,837
Total funds expended	<u>-1,713,281</u>	<u>-1,758,476</u>	<u>-1,604,039</u>
Outlays a/	<u>-93,572</u>	<u>403,110</u>	<u>-95,500</u>
Funds for financing:			
Appropriation for reimbursement of losses	74,554	485,262	169,214
Principal transferred on participation certificates	-59,290	-40,814	-31,601
Net financing	<u>15,264</u>	<u>444,448</u>	<u>137,613</u>
Cash balance, end of year	<u>245,628</u>	<u>1,093,186</u>	<u>1,135,299</u>

a/ A negative amount represents expenditures in excess of receipts. A positive amount represents receipts in excess of expenditures.

As of June 30, 1974, the unpaid principal balance of insured loans held by investors totaled \$2,588.8 million. The projected liability for premium interest on these loans held by investors through the end of the holding period is estimated to be \$304.6 million.

(b) AGRICULTURAL CREDIT INSURANCE FUND LOAN LEVELS
(Dollars in Thousands)

	1974 Actual	1975 Estimate	Change 1976 over 1975	1976 Estimate
Loans to Individuals:				
Farm ownership loans:				
Purchase by non-owners	\$258,134	\$245,000	- -	\$245,000
Purchase of acreage by owners ..	8,804	10,500	- -	10,500
Refinancing real estate				
indebtedness	54,937	56,000	- -	56,000
Real estate development:				
Dwellings, new and repair	11,621	14,000	- -	14,000
Buildings other than dwellings	18,665	24,500	- -	24,500
Subtotal, Farm ownership				
loans	352,161	350,000	- -	350,000
Farm production loans:				
Purchase of livestock	139,648	131,250	- -	131,250
Purchase of machinery and				
equipment	124,949	131,250	- -	131,250
Refinancing production				
indebtedness	55,649	63,000	- -	63,000
Annual production expenses	185,848	178,500	- -	178,500
Other	18,900	21,000	- -	21,000
Subtotal, Farm production				
loans	524,994	525,000	- -	525,000
Recreation and other nonfarm				
enterprise	986	1,500	+\$500(1)	2,000
Emergency disaster loans	128,337	200,000	<u>1/</u> -100,000(2)	100,000
Soil and water loans	3,627	3,000	- -	3,000
Subtotal, Loans to				
Individuals	1,010,105	1,079,500	-99,500	980,000
Loans to Associations or Groups:				
Irrigation and drainage loans ...	523	1,000	- -	1,000
Grazing loans	2,827	4,000	- -	4,000
Recreation loans	25	500	-500(3)	- -
Indian Tribe land acquisition				
loans	9,850	10,000	- -	10,000
Watershed protection loans	19,802	20,000	- -	20,000
Flood prevention loans	- -	400	- -	400
Resource conservation and				
development loans	1,088	3,600	- -	3,600
Subtotal, Loans to Associa-				
tions or Groups	34,115	39,500	-500	39,000
TOTAL	<u>1,044,220</u>	<u>1,119,000^{2/}</u>	<u>-100,000</u>	<u>1,019,000</u>

1/ Subsequent to the submission of the President's budget, an additional \$100 million was released to meet emergency situations resulting from natural disasters.

2/ Excludes Emergency Livestock Credit Act of 1974 (authorization \$2 billion).

EXPLANATION OF PROGRAM

This fund is used to insure farm ownership, recreation, soil and water, farm operating and emergency loans to individuals, as well as the following types of loans to associations: Irrigation and drainage, grazing, recreation, Indian land acquisition, watershed protection, flood prevention and resource conservation and development.

Loans may be made by the fund from available receipts or borrowings from the Treasury. Loans made by the fund are held in a pool as security for certificates of beneficial ownership sold to investors. FmHA is also authorized to provide financial assistance to borrowers by guaranteeing loans made by private lenders having a contract of guarantee from FmHA as approved by the Secretary. With respect to all new loans made from this fund, with the exception of emergency loans, not more than \$500 million may be held in the fund at any one time.

Public Law 92-419, approved August 30, 1972, abolished the Farmers Home Administration Direct Loan Account and the Emergency Credit Revolving Fund and provided for transfer of the assets and liabilities of, and authorizations applicable to, these accounts to the Agricultural Credit Insurance Fund. It also provided for transfer from the Agricultural Credit Insurance Fund to the Rural Development Insurance Fund of the assets and liabilities of the Agricultural Credit Insurance Fund applicable to loans for water systems and waste disposal facilities.

Real Estate Loans to Individuals

Subtitle A of the Consolidated Farm and Rural Development Act contains the authorizations for farm ownership loans, recreation loans to individuals, and soil and water loans to individuals. Soil and water and recreation loans to individuals are each continued as a separate type of loan because the law sets forth eligibility requirements for these loans that differ somewhat from the eligibility requirements for farm ownership loans. In most respects, however, soil and water and recreation loans to individuals and farm ownership loans to individuals are subject to the same authorizations and limitations but not purposes.

Farm Ownership Loans. Farm ownership loans accompanied by supervisory assistance in farm and financial management are needed to preserve and improve the family farm pattern of American agriculture and to strengthen the economy of rural communities.

Farm ownership loans are used for:

1. Purchase and development of farms: One of the functions of the farm ownership loan program is to assist farmers in the purchase and enlargement of farms. Farmers eligible for these loans need assistance in combining small tracts of land, making basic soil improvements, establishing permanent pastures, improving or constructing dwellings and essential farm buildings, adding a nonfarm enterprise, and other measures to increase the efficiency and income-producing capacity of their holdings.
2. Maintaining family farms: Owner-operators of family farms will continue to need farm ownership loan assistance. In many cases this assistance will be needed to help families restructure their debts. A large number of family farm operators have entered into land purchase contracts which contain repayment schedules that later become impossible to meet. Others need to utilize their real estate equities to refinance heavy short-term debts. In some instances the owner-operators need real estate credit assistance to make further adjustments in their operations, comply with local sanitation requirements, keep up with advances in agricultural technology, better utilize their land and labor resources, and meet changing market requirements. Some farmers eligible for these loans who are operating their farms on a part-time basis need farm ownership loan assistance to increase the income they receive from farming. Many of these part-time farmers have stable nonfarm income and need only a modest boost in farm income to achieve a reasonable standard of living. Loans to finance income-producing recreational enterprises or other nonfarm enterprises also help some farmers make more productive use of their labor.

Farm ownership loans are made to farmers and ranchers who (1) are citizens of the United States, (2) have a farm background, except that for veterans a farm background is not required as a condition to obtaining a loan, and either training or farm experience or other training or experience which is determined to be sufficient to assure reasonable prospects of success in the proposed operation, (3) are or will become owner-operators of not larger than family farms and (4) are unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant resides for loans for similar purposes and periods of time. Loans are repayable in not more than 40 years and presently bear interest at 5 percent.

The unpaid indebtedness against a farm or other security at the time the loan is made may not exceed \$225,000 or the market value of the farm or other security. The loan may not exceed \$100,000 or the amount certified by the county committee, whichever is the lesser.

Regulations encourage making a farm ownership loan, when possible, simultaneously with a loan from a Federal Land Bank or private lending institution for authorized farm ownership purposes. Under this policy of participating with private lenders, it has been possible to increase the number of loans made with available farm ownership funds.

Recreation Loans. Insured recreation loans are made to individual farmers and ranchers, under the same terms and limitations as farm ownership loans, for converting all or a portion of the farms or ranches they own or operate to outdoor income-producing recreation enterprises which will supplement or supplant farm income and permit carrying on sound and successful operations. Such loans are not limited to family-size operations.

Soil and Water Loans. Soil and water loans to individuals are made to a farm tenant or farm owner, a member of a partnership that owns and operates a farm, or a domestic corporation engaged in farming and may be made only for land and water development, use, and conservation. Applicants must be unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant resides for loans for similar purposes and periods of time.

Soil and water loans to individuals are not limited to farm operators. Since the basic intent of the soil and water legislation was to promote conservation, development, and better use of soil and water resources, these loans may be made to tenants and to non-operator owners. An applicant does not have to have a farm background, training, or experience to be eligible for a soil and water loan unless the soundness of the loan depends on his farming operations.

Loans to Associations and Groups

Subtitle A of the Consolidated Farm and Rural Development Act contains the authorizations for association loans and Indian tribe land acquisition loans. The following types of association loans authorized under subtitle A are currently made from the Agricultural Credit Insurance Fund: Irrigation and drainage, grazing, recreation, and Indian tribe land acquisition loans. In addition, watershed works of improvement and flood prevention loans are made to associations under sections 4 and 8 of the Watershed Protection and Flood Prevention Act, as amended (Public Law 83-566), and resource conservation and development loans are made to associations under section 102 of Public Law 87-703, and other existing Departmental authorities.

Irrigation and Drainage Loans. Irrigation and drainage loans are made to organizations primarily composed of farmers, ranchers, certain Indian tribes, or other rural residents for a project which includes the application or establishment of soil conservation practices, the construction, improvement, or enlargement of facilities for drainage, or the conservation, development, use, or control of water, primarily serving farmers and other rural residents. Examples of such assistance include loans to groups of farmers or other rural residents to develop community irrigation dams and canals; to soil and water conservation districts to purchase heavy earth moving equipment; to communities for drainage of land; to groups of farmers to develop soil conservation measures such as terraces, shelter belts, and similar development. These loans are made at a 5% interest rate for 40 years or less.

Grazing Loans. Grazing loans are made to organizations primarily composed of farmers, ranchers, certain Indian tribes, or other rural residents to provide seasonal grazing for livestock belonging to members of the association. Membership in an

association permits a farmer or rancher to graze his livestock on association pasture for the grazing season and return them to his base unit for the balance of the year. Such a plan provides a farmer or rancher an opportunity to increase the size of his operations. These loans are made at a 5% interest rate for 40 years or less.

Recreation Loans. Recreation loans are made to organizations primarily composed of farmers, ranchers, certain Indian tribes, or other rural residents to provide rural communities with opportunities to develop outdoor oriented recreational facilities for direct use of their residents or to generate other substantial tangible benefits for such communities. These loans are made at a 5% interest rate for 40 years or less. Subsequent loans only are estimated for 1975 and are primarily to protect the Government's security interests.

Indian Tribe Land Acquisition Loans. Public Law 91-229, approved April 11, 1970, authorized loans to any Indian tribe recognized by the Secretary of the Interior or tribal corporation established pursuant to the Indian Reorganization Act, which does not have adequate uncommitted funds, to acquire lands or interest in land within the tribe's reservation or Alaskan Indian community, as determined by the Secretary of the Interior, for use of the tribe or the corporation or the members thereof.

Operating Loans

Subtitle B of the Consolidated Farm and Rural Development Act contains the authorization for insured operating loans. Operating loans made by the Farmers Home Administration are accompanied by supervisory assistance in farm and financial management. Operating credit is needed by family farmers throughout the United States who are unable to obtain credit from private and cooperative sources to continue farm operations. The Rural Development Act of 1972 authorized operating loans to be made on an insured basis.

Loans are made to assist (1) full-time farm operators to continue to carry on and improve their farm and home operations, (2) part-time farm operators to convert their farming operations to full-time and to improve their income and level of living while continuing to live in rural areas, (3) young farmers who lack the necessary credit to acquire the resources needed for success, (4) farmers who are handicapped because of age, physical handicaps, or limited education or potential, to enable them to continue as self-supporting citizens, and (5) rural youths.

Operating loans are made to farmers and ranchers who (1) are citizens of the United States, (2) have a farm background, except that for rural youths and veterans a farm background is not required as a condition to obtaining a loan, and either training or farm experience and any other training or experience which is determined to be sufficient to assure reasonable prospects of success on the proposed operation, (3) are or will become operators of not larger than family farms, except for rural youths, and (4) are unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant resides for loans for similar purposes and periods of time.

Operating loans may be made for (1) paying costs incident to reorganizing a farming system for more profitable operations, (2) purchasing livestock, poultry and farm equipment, (3) purchasing feed, seed, fertilizer, insecticides, and farm supplies and to meet other essential operating expenses, including cash rent and costs incident to the production and harvesting of forestry products, (4) financing land and water development, use, and conservation, (5) developing recreational and other nonfarm enterprises, (6) refinancing existing indebtedness, (7) complying with certain safety standards, (8) financing other farm and home needs including but not limited to family subsistence, (9) operating enterprises by rural youths in connection with their participation in 4-H clubs, Future Farmers of America and other similar organizations, and (10) paying for loan closing costs.

In no case may an operating loan be made which would result in a total principal loan balance outstanding in excess of \$50,000. The amount of each operating loan will be limited to the needs of the applicant and his ability to pay with due consideration given to the proposed farming program and the value of the chattel property, including crops, which will be available as security.

Operating loans may be scheduled for payment over periods from one to seven years depending on loan purposes. In some situations, they may be renewed for not more than 5 additional years. Loans bear interest at a rate based on the average rate paid by the U.S. Treasury on obligations with a similar maturity period plus not to exceed 1 percent as determined by the Secretary of Agriculture. The rate for the 1975 fiscal year is 8-3/4 percent.

Regulations provide that other reliable agricultural credit sources will be requested and encouraged to furnish as much as possible of the credit needs of each eligible applicant with the balance being supplied by an operating loan from the Farmers Home Administration.

Emergency (Disaster) Loans

Subtitle C of the Consolidated Farm and Rural Development Act contains the authorization for insured emergency loans. Emergency loans are made in designated areas where a major or natural disaster has caused a general need for agricultural credit. These loans, formerly made as direct loans from the Emergency Credit Revolving Fund, are now made from the Agricultural Credit Insurance Fund, pursuant to Public Law 92-173, approved November 24, 1971.

Emergency loans are made to eligible farmers, ranchers, or oyster planters, and to private domestic corporations or partnerships engaged primarily in farming, ranching, or oyster planting. For losses of a physical nature, emergency loans will be based on the cost of repairing, replacing, and restoring farm property and farm homes, including essential furnishings and personal possessions. Applicants may be reimbursed for expenses already incurred for such purposes. Loans that are based on qualifying production losses may include funds to repay applicants for production expenses which went into their damaged or destroyed crop and livestock enterprises. In all cases, applicants will be required to furnish itemized statements of expenditures for which they are requesting reimbursement. Loans will not be made for more than the actual dollar loss suffered. Loans bear interest at a rate not in excess of 5 percent. Repayment varies according to the purpose of the loans. Loans to recover costs for (1) farm operating expenses may be scheduled for payment over a 1 to 5 year period, (2) replacement of home furnishings, machinery, and breeding livestock may not exceed 7 years and (3) real estate restoration, except housing, may not exceed 20 years and (4) farm housing restoration may not exceed 33 years.

Public Law 92-385, approved August 15, 1972, authorized special conditions for emergency loans made in connection with disasters occurring between June 30, 1971, and July 1, 1973. Such loans bore a lower interest rate and were eligible for deferred payments and for cancellation of principal up to \$5,000 under certain circumstances. Public Law 93-24, approved April 20, 1973, eliminated these provisions. However, Public Law 93-237, approved January 2, 1974, restores these provisions for disasters which occurred after December 26, 1972, and prior to April 30, 1973.

Emergency (Livestock) Loans

The Emergency Livestock Credit Act, Public Law 93-357, approved July 25, 1974, authorized Farmers Home Administration to guarantee loans made by banks or other legally organized lenders to farmers and ranchers in the livestock business to permit them to maintain their operation. This loan guarantee program will be in effect through July 25, 1975. It may be extended for 6 months if the Secretary of Agriculture determines that it is needed to help the livestock industry obtain sufficient credit.

Loans can be made to individuals, partnerships and corporations who are established, bona fide farmers and ranchers in the United States. Borrowers must be primarily and directly engaged in breeding, raising, fattening, or marketing their own beef or dairy cattle, hogs, sheep, goats, chickens, or turkeys.

Funds may be used for agricultural production purposes essential to conducting livestock operations, including replacing livestock, providing feed, paying usual charges for grazing permits or use of land and buildings, providing farm machinery, moving livestock, and for building or repairing pens and fences. Loans cannot be used to expand livestock operations.

FmHA can guarantee up to 80 percent of losses on loans made by lending institutions. No fees will be charged by FmHA for the guarantee. The total loans guaranteed for a borrower cannot exceed \$250,000. The interest rates will be those agreed upon by the lender and the borrower. Maximum repayment terms for these loans will be 3 years, with possible renewal for up to two additional years. Loans guaranteed under this Act shall be adequately secured by liens on livestock, other chattels, real estate or additional property.

Watershed Works of Improvement and Flood Prevention Loans

Under sections 4 and 8 of Public Law 83-566, as amended, loans are made to local organizations for financing the local share of the cost of installing planned works of improvement in approved watershed works of improvement and flood prevention projects. The Farmers Home Administration has been assigned responsibility for making these loans to sponsors of such projects approved for operation by the Soil Conservation Service. No loan may be made until the Soil Conservation Service and the local organization have agreed on a plan for works of improvement. Public Law 92-419, approved August 30, 1972, provided for making such loans on an insured basis under the Agricultural Credit Insurance Fund.

Public Law 83-566 requires that all costs allocated to flood prevention purposes except the cost of easements and rights-of-way, water rights, and administration of contracts, be paid from Federal funds. Most of the loans are used to help finance organizational expenses, legal costs, the acquisition of land, easements, and rights-of-way which the local organizations find they must purchase, and the local share of the cost of multiple-purpose projects. These purposes can include development of public fish and wildlife recreational facilities, as well as municipal and industrial water supplies.

Resource Conservation and Development Loans

Under section 102 of Public Law 87-703 and other existing Departmental authorities, loans are made to local sponsoring organizations and to individuals, when needed, for financing the local share of the cost of installing planned works of improvement in approved resource conservation and development projects. The Farmers Home Administration has been assigned responsibility for making these loans to sponsors of resource conservation and development projects approved for operation by the Soil Conservation Service. No loan may be made until the Soil Conservation Service and the local organization have agreed on a plan for development work. Public Law 92-419, approved August 30, 1972, provided for making such loans on an insured basis under the Agricultural Credit Insurance Fund.

Loans to local sponsors help them finance installation of multiple-purpose water facilities including recreational and natural beauty developments, flood control structures, water conservation measures, irrigation facilities, and other planned project measures. Loans encourage increased investment of private and local funds in development of resource-based project measures. However, funds needed to carry out local contributions are often not available at reasonable rates for this type of work.

JUSTIFICATION OF INCREASE AND DECREASES

The following adjustments result in a net decrease of \$100,000,000 in the overall program levels.

(1) An increase of \$500,000 for recreation loans to individuals (\$1,500,000 available in 1975).

Need for Increase:

Loan demand for this program will be greater in 1976 than in 1975 because of increases in land and development costs.

Plan of Work:

Individual recreation loans furnish the possibility for a needed increase in the size of business so an economic unit may be developed, thereby enabling farmers and ranchers to stay in business. This loan program will be made available to them by using various methods of informing them of these services through other creditors, schools, farm groups and news media. This program will assist farmers and ranchers by providing long term credit at reasonable rates and terms. The County Supervisor will analyze the credit needs of the applicant as well as other available resources and assist in providing additional income through the use of the individual recreation loans.

(2) A decrease of \$100,000,000 for emergency loans (\$200,000,000 estimated for 1975).

The fiscal year 1975 program was increased in January 1975 from an original estimate of \$100 million to \$200 million to meet additional loan requests. Since emergency loan program needs are unpredictable from one year to the next the fiscal year 1976 estimate is reduced to \$100 million, which is the level included in recent Budgets. The \$100 million shown does not reflect a limit on the program. Additional loan funds will be available if needed.

(3) A decrease of \$500,000 for recreation loans to associations. The fiscal year 1975 program represents only subsequent loans to protect the interest of the Government. The program will be terminated in 1976 (\$500,000 available in 1975).

TRANSITION BUDGET

Agricultural Credit Insurance Fund

Transition Budget Estimate \$229,750,000

Loan Levels

Farm real estate loans:

Farm ownership loans	\$87,500,000
Soil and water loans to individuals	750,000
Recreation loans to individuals	500,000
Irrigation and drainage association loans	250,000
Grazing association loans	1,000,000
Indian tribe land acquisition loans	2,500,000
Subtotal, Farm real estate loans	<u>92,500,000</u>
Farm operating loans	131,250,000
Watershed protection and flood prevention loans	5,100,000
Resource conservation and development loans	900,000
	<u>\$229,750,000</u>

Emergency (disaster) loans will be obligated in amounts necessary to meet the needs resulting from natural disasters.

JUSTIFICATION OF TRANSITION BUDGET ESTIMATE

The funds requested represent one-fourth of the budget estimate for fiscal year 1976.

STATUS OF PROGRAM

LOANS TO INDIVIDUALS

FARM OWNERSHIP LOANS (sec. 303).

A total of \$352,161,430 was obligated for insured farm ownership loans in 1974, including \$7,547,720 for nonfarm enterprise loans, from the authorization for insured real estate loans. Loan cost items total \$1,154,466.

The Appropriation Act for 1975 provided for real estate loans to be insured totaling \$370,000,000, including not less than \$350,000,000 for insured farm ownership loans.

1. Use of loan funds: The following tabulation shows a breakdown for initial and subsequent insured farm ownership loans for fiscal years 1974 and 1975.

<u>Farm Ownership Loans</u>	<u>Fiscal Year 1974</u>		<u>Fiscal Year 1975 (Est.)</u>	
	<u>Number</u>	<u>Amount</u> (millions)	<u>Number</u>	<u>Amount</u> (millions)
Initial	8,728	\$291.5	8,000	\$290.0
Subsequent	3,269	60.7	3,000	60.0
Total	<u>11,997</u>	<u>352.2</u>	<u>11,000</u>	<u>350.0</u>

2. Applications: A total of 32,669 applications for new farm ownership loans were received in 1974. At the end of the year, 12,531 applications were on hand.
3. Loan activity: Direct and insured loan activity for the last seven fiscal years is shown on the following tables:

Initial Loans

<u>Fiscal Year</u>	<u>Total</u>		<u>Total</u>	
	<u>Direct</u>	<u>Initial Loans</u>	<u>Insured</u>	<u>Initial Loans</u>
	<u>Number</u>	<u>Amount</u> (millions)	<u>Number</u>	<u>Amount</u> (millions)
1968	286	\$4.1	8,064	\$171.4
1969	224	4.1	10,214	231.6
1970	168	4.3	8,410	217.4
1971	157	4.5	8,365	226.1
1972	- -	- -	10,718	302.2
1973	- -	- -	12,593	356.1
1974	- -	- -	8,728	291.5

Total Direct and Insured Initial and Subsequent
Farm Ownership Loans

<u>Fiscal Year</u>	<u>Direct Loans</u>	<u>Insured Loans</u>	<u>Total Loans</u>
	<u>(millions)</u>	<u>(millions)</u>	<u>(millions)</u>
1968	\$5.0	\$199.0	\$204.0
1969	5.0	270.7	275.7
1970	5.0	255.2	260.2
1971	5.4	263.0	268.4
1972	- -	355.5	355.5
1973	- -	408.1	408.1
1974	- -	352.2	352.2

4. Loan repayments:

As of January 1, 1974, \$4,085,241,203 had been advanced to 254,901 families for the purchase, enlargement and development of farms including some loans for the refinancing of existing indebtedness. Payments by borrowers paid in full or otherwise satisfied amounted to \$1,731,447,216. Of this amount, \$1,355,316,282 represented principal payments and \$376,130,934 interest payments. As of January 1, 1974, 140,967 borrowers had paid their loans in full. On the same date, of those with unpaid balances, 38,170 borrowers were \$34,896,489 ahead of schedule, an average of \$914 each; 59,405 were on schedule; and 16,359 were behind schedule \$23,964,515, an average of \$1,465.

RECREATION LOANS TO INDIVIDUALS (sec. 304).

In fiscal year 1974, 17 initial loans were made for \$823,890 and 8 subsequent loans for \$162,200. Loan cost items totaled \$31,658. In fiscal year 1975, it is estimated that 27 initial loans will be made for \$1,300,000 and 8 subsequent loans for \$200,000. A total of 41 applications for initial recreation loans to individuals were received during the 1974 fiscal year, and 18 were on hand June 30, 1974.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table I - Farm Ownership Initial Loans - Total Initial Loan Applications, 1973 and 1974 Fiscal Years

State and Territory	1973 fiscal year				1974 fiscal year				
	Number of loan applications			Number of loans made	Number of loan applications				Number of loans made ^{1/}
	On hand beginning of year	Received during year	Total for consid-eration		On hand beginning of year	Received during year	Total for consid-eration	On hand end of year	
	1	2	3	4	5	6	7	8	9
U.S. TOTAL	15,408	30,560	45,968	12,593	12,011	32,669	44,680	12,531	8,728
Alabama	343	958	1,301	291	248	919	1,167	277	220
Alaska	0	3	3	0	0	5	5	1	0
Arizona	73	131	204	42	50	149	199	42	45
Arkansas	491	1,467	1,958	541	424	1,472	1,896	481	405
California	84	252	336	62	60	270	330	84	57
Colorado	137	297	434	111	117	406	523	168	105
Connecticut	7	44	51	7	13	46	59	18	11
Delaware	19	21	40	8	6	49	55	15	11
Florida	142	272	414	108	75	199	274	61	92
Georgia	230	516	746	161	119	441	560	112	159
Hawaii	5	11	16	5	6	21	27	7	3
Idaho	401	802	1,203	335	303	608	911	182	183
Illinois	360	1,072	1,432	529	282	1,148	1,430	372	301
Indiana	348	771	1,119	360	190	921	1,111	334	275
Iowa	646	1,118	1,764	557	416	1,199	1,615	491	374
Kansas	796	1,302	2,098	608	751	1,305	2,056	692	382
Kentucky	619	1,677	2,296	493	518	1,834	2,352	568	367
Louisiana	203	437	640	194	131	330	461	93	113
Maine	109	342	451	117	110	428	538	162	93
Maryland	26	94	120	48	25	131	156	51	33
Massachusetts	22	27	49	8	9	39	48	17	7
Michigan	239	551	790	203	156	697	853	237	132
Minnesota	551	1,398	1,949	554	401	1,315	1,716	263	364
Mississippi	591	1,137	1,728	457	388	1,022	1,410	338	311
Missouri	916	1,683	2,599	675	675	1,975	2,650	1,006	475
Montana	164	263	427	157	108	303	411	158	106
Nebraska	797	951	1,748	534	529	969	1,498	464	345
Nevada	16	44	60	4	15	46	61	16	8
New Hampshire	7	22	29	4	8	44	52	11	8
New Jersey	13	34	47	8	7	54	61	11	22
New Mexico	56	192	248	76	42	194	236	43	59
New York	553	959	1,512	192	65	1,031	1,096	450	171
North Carolina	354	1,035	1,389	386	289	1,087	1,376	335	274
North Dakota	994	1,210	2,204	632	918	985	1,903	601	319
Ohio	188	512	700	129	154	493	647	173	119
Oklahoma	1,156	1,532	2,688	835	980	1,882	2,862	932	456
Oregon	72	287	359	100	58	360	418	93	90
Pennsylvania	139	459	598	123	151	495	646	145	96
Rhode Island	1	6	7	1	1	6	7	0	1
South Carolina	122	435	557	169	88	343	431	78	118
South Dakota	688	779	1,467	534	499	865	1,364	355	397
Tennessee	455	1,021	1,476	367	449	1,165	1,614	531	284
Texas	655	1,621	2,276	652	662	1,294	1,956	408	438
Utah	68	177	245	91	83	144	227	47	44
Vermont	96	238	334	88	74	325	399	88	62
Virginia	143	301	444	88	98	332	430	114	108
Washington	155	317	472	154	110	293	403	89	90
West Virginia	273	536	809	118	274	528	802	222	97
Wisconsin	798	747	1,545	518	683	1,865	2,548	874	336
Wyoming	38	121	159	70	43	121	164	21	40
Puerto Rico	49	378	427	89	150	516	666	200	122
Virgin Islands	0	0	0	0	0	0	0	0	0

^{1/} Number and amount of loans made shown on Table III.

NOTE: The sum of the amounts may not equal U.S. Total due to rounding.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table II - Farm Ownership Loans: Use of Funds - Number of Borrowers and Amount Loaned,
Including Estimated Amount Furnished by Borrowers, 1974 Fiscal Year
(Dollars in Thousands Except "Average" Amounts) 1/

State and Territory	Initial loans to borrowers											Subsequent loans to borrowers		Total amount of loans
	Number	Amount of funds			Average amount of loan	Purchase of farm and incidental costs	Use of Funds					Number	Amount	
		Loans	Furnished by borrower	Total			Land development	Buildings other than dwellings	Dwellings, new and repair	Refinancing				
										Real estate	Chattels and unsecured			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
U.S. TOTAL														
Percent distribution					100.0%	73.3%	2.5%	5.3%	3.3%	12.1%	3.5%			
Amount	8,714	\$290,709	\$199,422	\$490,131	\$33,361	\$356,329	\$18,103	\$26,732	\$16,220	\$55,513	\$17,234	3,269	\$60,679	\$351,388
Alabama	220	5,776	2,135	7,911	26,256	4,959	274	417	526	1,282	453	94	1,325	7,101
Alaska	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Arizona	45	2,730	773	3,503	60,676	2,214	265	218	127	569	110	20	377	3,107
Arkansas	405	9,478	4,358	13,836	23,403	7,888	614	1,047	1,121	2,820	346	174	2,783	12,261
California	57	2,653	972	3,625	46,538	2,483	81	84	126	639	212	16	389	3,042
Colorado	105	5,245	4,582	9,827	49,956	8,282	331	291	318	319	286	47	1,093	6,338
Connecticut	11	422	233	655	38,400	582	3	24	8	10	28	5	132	554
Delaware	11	375	125	500	34,090	181	25	230	1	10	53	5	69	444
Florida	92	2,772	1,087	3,859	30,134	2,352	191	292	395	600	29	33	602	3,374
Georgia	159	6,223	2,073	8,296	39,137	4,278	467	968	555	1,747	281	91	1,805	8,028
Hawaii	3	156	52	208	51,833	48	23	24	42	50	21	2	37	193
Idaho	183	8,273	4,018	12,291	45,208	8,826	701	470	748	1,072	474	134	3,111	11,384
Illinois	301	10,941	13,617	24,558	36,347	21,560	645	499	269	1,233	352	66	1,201	12,142
Indiana	275	9,766	9,987	19,753	35,512	16,801	458	469	151	1,381	493	50	1,077	10,843
Iowa	374	14,234	17,336	31,570	38,057	27,501	1,010	1,006	251	1,438	364	67	1,521	15,755
Kansas	381	11,654	9,816	21,470	30,588	16,396	916	748	301	2,241	868	141	2,656	14,310
Kentucky	367	10,270	6,315	16,585	27,983	10,964	714	664	987	3,048	208	65	1,047	11,317
Louisiana	113	4,442	2,618	7,060	39,306	4,969	180	119	211	1,307	274	48	1,319	5,761
Maine	93	2,946	1,257	4,203	31,675	2,258	54	766	212	746	167	98	1,667	4,613
Maryland	32	1,475	667	2,142	46,094	1,541	1	303	98	139	60	19	435	1,910
Massachusetts	7	147	43	190	21,028	102	2	18	23	12	33	3	74	221
Michigan	132	6,145	3,129	9,274	46,549	5,050	236	901	289	1,598	1,200	56	1,088	7,233
Minnesota	363	12,347	9,151	21,498	34,014	14,174	699	2,623	509	2,460	1,033	146	2,268	14,615
Mississippi	310	8,754	4,718	13,472	28,239	8,509	680	325	1,132	2,500	326	105	1,730	10,484
Missouri	474	13,607	15,457	29,064	28,707	22,539	1,743	952	771	2,777	282	102	1,921	15,528
Montana	106	5,218	2,254	7,472	49,223	5,128	184	207	251	1,249	453	53	1,092	6,310
Nebraska	345	13,108	10,720	23,828	37,995	20,007	1,264	309	63	1,734	451	96	2,263	15,371
Nevada	8	387	76	463	48,312	167	100	0	57	49	90	5	105	492
New Hampshire	8	299	74	373	37,355	53	6	69	7	167	71	5	64	363
New Jersey	22	912	236	1,148	41,431	352	4	98	75	239	380	6	152	1,064
New Mexico	59	2,002	1,069	3,071	33,933	2,503	76	13	80	392	7	22	491	2,493
New York	170	5,467	2,591	8,058	32,159	4,498	153	787	66	1,290	1,264	66	1,058	6,525
North Carolina	274	7,466	5,073	12,539	27,248	7,385	450	1,536	735	2,029	404	180	2,205	9,671
North Dakota	319	9,894	9,649	19,543	31,016	16,898	290	691	639	870	155	150	2,720	12,614
Ohio	115	4,664	3,714	8,378	40,556	6,138	379	705	150	770	236	28	384	5,048
Oklahoma	455	13,159	9,651	22,810	28,921	17,271	1,114	708	1,072	2,151	494	126	2,881	16,040
Oregon	90	4,032	1,506	5,538	44,798	3,360	341	164	142	1,183	348	44	903	4,935
Pennsylvania	96	4,554	1,814	6,368	47,444	3,253	120	954	165	966	910	32	716	5,270
Rhode Island	1	50	0	50	49,500	1	0	0	0	26	23	0	0	50
South Carolina	118	3,418	1,536	4,954	28,966	3,025	122	292	285	997	233	50	839	4,257
South Dakota	395	11,855	8,401	20,256	30,013	16,875	258	1,034	322	1,233	534	188	3,258	15,113
Tennessee	284	7,915	1,965	9,880	27,872	5,691	492	342	594	2,600	161	78	1,462	9,377
Texas	438	13,449	12,594	26,043	30,705	22,933	1,143	410	494	960	103	76	1,720	15,169
Utah	44	2,078	474	2,552	47,236	1,486	72	178	237	295	284	44	1,048	3,126
Vermont	62	2,995	928	3,923	48,308	2,239	21	456	51	684	472	59	843	3,838
Virginia	108	3,452	1,138	4,590	31,963	3,151	97	495	295	329	223	25	480	3,932
Washington	90	4,186	1,438	5,624	46,505	3,231	272	497	245	1,136	243	64	1,189	5,375
West Virginia	97	2,254	405	2,659	23,236	1,682	66	223	277	388	23	25	488	2,742
Wisconsin	335	12,024	5,737	17,761	35,883	10,104	204	2,682	295	3,053	1,423	216	3,522	15,546
Wyoming	40	2,105	1,485	3,590	52,617	2,915	63	71	137	210	194	33	847	2,952
Puerto Rico	122	2,935	375	3,310	24,059	1,526	499	353	315	515	102	11	222	3,157
Virgin Islands	0	0	0	0	0	0	0	0	0	0	0	0	0	0

1/ Does not include data on 14 guaranteed loans for \$773,000.

NOTE: 1. Column 7 includes farmstead water, water rights, and special purpose equipment.

2. The sum of the amounts may not equal U.S. Total due to rounding.

UNITED STATES DEPARTMENT OF AGRICULTURE
 FARMERS HOME ADMINISTRATION

 Table III - Farm Ownership Loans - Number of Borrowers, Amount Loaned and Payments,
 Cumulative through January 1, 1974
 (Dollars in Thousands)

State and Territory	Total number of borrowers	Total amount loaned	Borrowers paid in full or 1/ otherwise satisfied				Borrowers with unpaid balance as of January 1, 1974					
			Number	Total	Payments		Number	Scheduled installments (principal and interest)	Principal and interest payments			
					Principal	Interest			Total	Regular and advance payments made on scheduled installments	Extra payments and refunds	
												Amount	As percent of sched.
	1	2	3	4	5	6	7	8	9	10	11	12
U.S. TOTAL	254,901	4,085,241	140,967	1,731,448	1,355,316	376,132	113,934	878,600	932,208	889,571	101	42,637
Alabama	11,529	102,557	7,960	58,091	46,218	11,873	3,569	19,382	21,048	19,804	102	1,244
Alaska	52	1,103	40	982	716	266	12	186	196	160	86	36
Arizona	703	20,952	307	5,556	4,321	1,235	396	4,297	4,029	3,851	90	178
Arkansas	14,341	131,918	9,113	69,584	56,030	13,554	5,228	23,113	25,161	23,693	102	1,468
California	1,628	34,665	992	18,809	14,944	3,865	636	6,906	6,832	6,280	91	552
Colorado	3,054	78,832	1,663	38,888	30,221	8,667	1,391	16,021	16,397	15,828	99	569
Connecticut	205	4,299	107	1,949	1,596	353	98	765	829	765	100	64
Delaware	245	4,622	142	1,749	1,405	344	103	846	967	878	103	89
Florida	2,922	39,365	1,813	21,199	16,875	4,324	1,109	6,496	7,159	6,626	102	533
Georgia	11,772	115,491	9,074	78,498	62,100	16,398	2,698	18,619	20,158	18,718	100	1,440
Hawaii	591	7,560	439	4,891	3,849	1,042	152	1,661	1,871	1,754	105	117
Idaho	5,081	116,573	2,183	38,147	28,532	9,615	2,898	25,487	25,713	24,757	97	956
Illinois	5,636	119,558	2,491	43,202	33,610	9,592	3,145	25,599	26,799	25,704	100	1,095
Indiana	4,370	93,356	2,170	37,327	29,538	7,789	2,200	18,305	19,857	18,840	102	1,017
Iowa	7,391	184,821	3,005	62,751	48,578	14,173	4,386	46,946	48,769	48,059	102	710
Kansas	6,635	133,642	2,793	45,802	36,060	9,742	3,842	28,592	30,861	29,686	103	1,175
Kentucky	6,371	109,960	2,713	38,591	30,955	7,636	3,658	24,312	26,692	25,073	103	1,619
Louisiana	6,497	68,935	4,482	40,260	31,682	8,578	2,015	12,246	13,054	12,568	102	486
Maine	3,346	60,149	1,498	21,618	17,129	4,489	1,848	15,608	16,574	15,160	97	1,414
Maryland	891	15,826	565	7,136	5,588	1,548	326	2,338	2,628	2,483	106	145
Massachusetts	259	4,244	152	2,327	1,888	439	107	770	884	772	100	112
Michigan	3,636	68,087	2,261	33,227	25,699	7,528	1,375	12,122	13,094	12,142	100	952
Minnesota	10,111	161,028	4,806	52,530	40,585	11,945	5,305	38,956	41,082	39,893	102	1,189
Mississippi	16,298	146,334	10,140	79,498	61,905	17,593	6,158	31,099	33,542	31,645	101	1,897
Missouri	13,232	213,989	7,151	95,230	73,778	21,452	6,081	46,759	49,152	47,632	101	1,520
Montana	3,119	70,236	1,742	32,640	25,363	7,277	1,377	14,007	14,233	13,574	97	659
Nebraska	6,132	155,633	2,071	39,738	31,088	8,650	4,061	40,048	41,998	41,093	102	905
Nevada	211	5,096	108	1,824	1,399	425	103	1,199	1,315	1,126	94	189
New Hampshire	247	4,640	133	2,195	1,753	442	114	858	902	880	102	22
New Jersey	995	14,233	665	9,494	7,429	2,065	330	2,609	2,823	2,592	99	231
New Mexico	1,642	34,723	803	13,288	10,419	2,869	839	8,205	8,658	8,217	100	441
New York	4,336	75,297	2,329	34,071	26,932	7,139	2,007	13,928	14,931	13,647	98	1,284
North Carolina	11,156	129,929	6,962	67,018	53,073	13,945	4,194	28,125	31,053	29,191	103	1,862
North Dakota	8,367	205,955	3,212	64,504	49,241	15,263	5,155	54,001	56,479	54,866	101	1,613
Ohio	3,343	58,998	2,060	29,873	23,415	6,458	1,283	11,551	12,302	11,733	101	569
Oklahoma	10,088	157,058	5,385	58,808	46,848	11,960	4,703	29,340	31,574	29,700	101	1,874
Oregon	2,447	47,366	1,424	23,263	17,907	5,356	1,023	8,996	9,293	8,843	98	450
Pennsylvania	3,438	52,948	2,226	28,016	22,016	6,000	1,212	9,402	10,406	9,617	102	789
Rhode Island	25	400	12	114	89	25	13	94	96	96	102	*
South Carolina	6,342	62,959	4,300	35,423	28,029	7,394	2,042	11,744	12,802	11,824	100	978
South Dakota	6,588	169,922	1,969	35,510	27,258	8,252	4,619	47,545	48,866	47,888	101	978
Tennessee	9,206	123,146	5,050	58,659	46,168	12,491	4,156	26,745	28,917	27,130	101	1,787
Texas	13,116	216,950	7,735	95,730	75,685	20,045	5,381	45,913	48,784	46,863	102	1,921
Utah	2,171	41,099	942	15,510	11,624	3,886	1,229	10,690	11,566	10,774	101	792
Vermont	1,237	31,990	653	12,495	10,466	2,029	584	4,492	5,039	4,676	104	363
Virginia	3,307	45,134	2,044	24,546	19,281	5,265	1,263	8,923	9,752	9,122	102	630
Washington	4,387	93,752	2,454	48,588	36,772	11,816	1,933	20,528	20,533	19,599	95	934
West Virginia	2,257	24,953	1,279	12,507	9,746	2,761	978	4,903	5,657	5,179	105	478
Wisconsin	9,944	167,705	5,093	61,717	47,749	13,968	4,851	34,730	37,618	35,964	103	1,654
Wyoming	1,550	36,900	753	14,050	10,819	3,231	797	9,069	9,393	9,040	99	353
Puerto Rico	2,439	20,193	1,488	13,812	10,787	3,025	951	3,527	3,871	3,569	101	302
Virgin Islands	15	157	15	210	157	53	0	0	0	0	0	0

1/ Column 5 includes \$7,686,521 in writeoffs and \$2,228,664 in judgments. Column 6 includes \$812,502 in writeoffs and \$200,101 in judgments.

NOTE: The sum of amounts may not equal U.S. Total due to rounding.

* Less than \$500.

UNITED STATES DEPARTMENT OF AGRICULTURE
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Table IV - Recreation Loans to Individuals - Use of Funds, Number of Borrowers and Amount Loaned,
Including Estimated Amount Furnished by Borrowers, 1974 Fiscal Year
(Dollars in Thousands Except "Average" Amounts)

State	Amount of funds				Initial loans to borrowers							Subsequent loans to borrowers			
	Number	Loans	Furnished by borrower	Total	Average amount of loan	Use of funds							Number	Amount	Total amount of loans
						Purchase of real estate and incidental costs	Land development	Repair and improvement	Resource development	Purchase and install equipment and facilities	Operating expenses	Refinancing			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
U.S. TOTAL	17	\$824	63	100.0%	\$48,464	33.8%	8.0%	25.6%	.7%	8.0%	2.9%	21.0%	8	\$162	\$986
Percent distribution				\$887		\$300	\$71	\$227	\$5	\$71	\$26	\$186			
Amount															
Indiana	1	13	*	13	13,000	*	0	13	0	0	0	0	2	13	26
Maine	2	37	0	37	18,500	*	0	36	0	1	0	0	1	47	84
Mississippi	1	50	0	50	50,370	*	14	6	0	0	0	30	0	0	50
Missouri	0	0	0	0	0	0	0	0	0	0	0	0	0	1	20
Montana	1	20	0	20	20,000	*	0	12	0	8	0	0	1	20	20
New York	1	22	5	27	22,000	*	0	21	0	6	0	0	0	0	22
North Carolina	3	127	*	127	41,750	100	14	12	0	0	0	2	0	0	146
Oklahoma	1	36	0	36	36,000	*	31	5	0	0	0	0	2	19	36
Pennsylvania	1	100	52	152	100,000	152	0	0	0	0	0	0	0	0	100
South Carolina	1	54	0	54	54,170	2	1	3	1	26	21	0	0	0	54
South Dakota	0	0	0	0	0	0	0	0	0	0	0	0	1	50	50
Washington	2	129	*	129	64,500	39	5	47	4	24	0	10	0	0	129
Wyoming	0	0	0	0	0	0	0	0	0	0	0	0	1	13	13
Puerto Rico	3	235	6	241	78,333	6	6	72	0	6	5	144	0	0	235

NOTE: Sum of the amounts may not equal U.S. Total due to rounding.
* Less than \$500.

UNITED STATES DEPARTMENT OF AGRICULTURE
 FARMERS HOME ADMINISTRATION

 Table V - Recreation Loans to Individuals - Number of Borrowers, Amount Loaned and Payments Cumulative Through January 1, 1974
 (Dollars in thousands)

State	Total number of borrowers	Total amount loaned	Borrowers paid in full or otherwise satisfied				Borrowers with unpaid balance as of January 1, 1974					
			Number	Payments			Number	Scheduled installments (principal and interest)	Total	Principal and interest payments		Extra payments and refunds
				Total	Principal	Interest				Amount	As percent of schedule	
	1	2	3	4	5	6	7	8	9	10	11	12
U.S. TOTAL	209	\$7,573	27	\$751	\$643	\$108	181	\$1,099	\$1,085	\$1,031	94	54
Alabama	3	126	1	71	60	11	2	14	14	14	100	0
Arizona	3	55	0	0	0	0	3	28	29	29	104	0
Arkansas	1	30	0	0	0	0	1	8	13	13	163	0
California	4	281	0	0	0	0	4	23	30	22	96	8
Colorado	7	84	3	32	27	5	4	15	13	13	87	0
Delaware	1	72	0	0	0	0	1	12	12	12	100	0
Georgia	4	43	1	11	10	1	3	7	12	9	129	3
Idaho	7	234	1	39	32	7	6	43	39	36	84	3
Illinois	6	151	1	1	1	*	5	27	24	24	89	0
Indiana	16	771	1	14	13	1	15	111	109	108	97	1
Iowa	4	110	0	0	0	0	4	29	30	30	103	0
Kentucky	6	251	0	0	0	0	6	44	42	42	95	0
Louisiana	1	22	0	0	0	0	1	6	5	5	83	0
Maine	8	494	1	64	56	8	7	35	29	29	83	0
Maryland	3	131	0	0	0	0	3	16	17	17	106	*
Michigan	6	168	0	0	0	0	6	39	34	34	87	0
Minnesota	6	188	0	0	0	0	6	35	36	35	100	1
Mississippi	2	68	1	73	60	13	1	1	1	1	100	0
Missouri	9	272	4	77	65	12	5	42	42	42	100	0
Montana	4	102	1	22	21	1	3	24	23	22	92	1
Nebraska	1	28	0	0	0	0	1	8	8	8	100	*
Nevada	1	48	0	0	0	0	1	12	26	11	92	15
New Hampshire	1	5	0	0	0	0	1	1	1	1	100	0
New Jersey	4	154	1	13	12	1	3	22	23	23	105	0
New York	7	161	1	68	60	8	6	10	10	10	100	*
North Carolina	23	979	2	31	29	2	21	93	102	96	103	6
North Dakota	2	105	0	0	0	0	2	13	21	13	100	8
Ohio	4	55	1	12	11	1	3	8	7	7	88	0
Oklahoma	2	99	0	0	0	0	2	7	7	7	100	0
Oregon	1	21	0	0	0	0	1	3	3	3	100	0
Pennsylvania	8	165	2	29	21	8	6	26	23	23	88	0
South Carolina	5	189	0	0	0	0	5	37	31	31	84	0
South Dakota	3	108	0	0	0	0	3	17	15	15	88	*
Tennessee	2	116	0	0	0	0	2	30	27	27	87	0
Texas	6	236	0	0	0	0	6	39	38	38	97	*
Vermont	2	91	0	0	0	0	2	18	22	18	100	4
Virginia	3	146	0	0	0	0	3	23	17	17	74	0
Washington	9	316	1	12	11	1	8	45	39	39	87	0
Wisconsin	19	687	4	181	154	27	15	99	86	82	83	4
Wyoming	4	212	0	0	0	0	4	27	23	23	85	0

NOTE: The sum of the amounts may not equal U.S. total due to rounding.

* Less than \$500.

SOIL AND WATER LOANS (sec. 304).

A total of \$3,627,200 was obligated for insured soil and water loans to individuals in 1974 from the authorization available for insured real estate loans. Loan cost items totaled \$4,271.

The Appropriation Act for 1975 provided for real estate loans to be insured totaling \$370,000,000, including \$3,000,000 for insured soil and water loans to individuals.

1. Applications: During 1974, 1,166 applications for new loans from individuals were received. On June 30, 1974, there were 424 applications on hand.
2. Number and amount of loans: The following table shows the number and amount of insured soil and water loans to individuals made in fiscal year 1974 and estimates for fiscal year 1975.

	<u>Fiscal Year 1974</u>		<u>Fiscal Year 1975(Est.)</u>	
	<u>Number</u>	<u>Amount</u> (thousands)	<u>Number</u>	<u>Amount</u> (thousands)
<u>Loans to Individuals:</u>				
<u>Insured soil and water</u>				
Initial	436	\$3,246.8	315	\$2,700.0
Subsequent	45	380.4	35	300.0
Total	<u>481</u>	<u>3,627.2</u>	<u>350</u>	<u>3,000.0</u>

LOANS TO ASSOCIATIONS AND GROUPS

IRRIGATION AND DRAINAGE, GRAZING, AND RECREATION LOANS TO ASSOCIATIONS (sec. 306).

A total of \$3,374,700 was obligated for these three types of insured loans to associations in 1974 from the authorization available for insured real estate loans. Of this amount, \$523,000 was obligated for loans to irrigation and drainage associations, \$2,826,700 for loans to grazing associations, and \$25,000 for loans to recreation associations.

The Appropriation Act of 1975 provided for real estate loans to be insured totaling \$370,000,000, including \$5,500,000 for these association loans. Of this amount, \$1,000,000 is for loans to irrigation and drainage associations, \$4,000,000 for loans to grazing associations and \$500,000 for loans to recreation associations.

1. Applications: During 1974, 108 applications for new loans were received from associations involving irrigation and drainage and grazing activities. On June 30, 1974, there were 105 such applications on hand.
2. Number and amount of loans: The following table shows the number and amount of such insured loans to associations made in fiscal year 1974 and estimates for fiscal year 1975.

	<u>Fiscal Year 1974</u>		<u>Fiscal Year 1975(Est.)</u>	
	<u>Number</u>	<u>Amount</u> (thousands)	<u>Number</u>	<u>Amount</u> (thousands)
<u>Loans to Associations</u>				
<u>Irrigation and drainage</u>				
Initial	2	\$190.0	6	\$900.0
Subsequent	5	333.0	1	100.0
Subtotal	<u>7</u>	<u>523.0</u>	<u>7</u>	<u>1,000.0</u>

	<u>Fiscal Year 1974</u>		<u>Fiscal Year 1975 (Est.)</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
		(thousands)		(thousands)
<u>Grazing</u>				
Initial	8	\$2,607.8	15	\$3,800.0
Subsequent	4	218.9	2	200.0
Subtotal	<u>12</u>	<u>2,826.7</u>	<u>17</u>	<u>4,000.0</u>
<u>Recreation</u>				
Initial	- -	- -	- -	- -
Subsequent	<u>1</u>	<u>25.0</u>	<u>20</u>	<u>500.0</u>
Subtotal	<u>1</u>	<u>25.0</u>	<u>20</u>	<u>500.0</u>
<u>Total</u>	<u>20</u>	<u>3,374.7</u>	<u>44</u>	<u>5,500.0</u>

INDIAN TRIBE LAND ACQUISITION LOANS (sec. 306).

in fiscal year 1974, 2 initial loans for \$2,500,000 and 7 subsequent loans for \$7,350,000 were made. It is estimated that 7 initial loans for \$7,000,000 and 4 subsequent loans for \$3,000,000 will be made in fiscal year 1975. A total of 5 applications for Indian tribe land acquisition loans were received during the 1974 fiscal year, and 7 were on hand June 30, 1974.

UNITED STATES DEPARTMENT OF AGRICULTURE
 FARMERS HOME ADMINISTRATION

 Table I - Soil and Water Loans to Individuals and Groups - Number and Amount of Loans,
 1974 Fiscal Year and Cumulative from Inception, September 17, 1954, through June 30, 1974
 (Dollars in thousands Except "Average" Amounts)

State and Territory	1974 Fiscal Year										Total amount to individuals and groups September 17, 1954 through June 30, 1974	
	Loans to individuals					Loans to groups ^{1/}						Total amount to individuals and groups
	Initial			Subsequent		Initial			Subsequent			
	Number	Amount	Average Amount	Number	Amount	Number	Amount	Average Amount	Number	Amount		
	1	2	3	4	5	6	7	8	9	10	11	12
U.S. TOTAL	436	\$3,247	\$7,447	45	\$380	557	\$291,152	\$552,714	789	\$182,222	\$477,001	\$2,151,015
Alabama	29	79	2,716	2	16	20	6,709	335,430	38	5,206	12,010	50,666
Alaska	0	0	0	0	0	0	0	0	5	1,895	1,895	6,219
Arizona	0	0	0	0	0	5	2,903	580,700	4	175	3,078	17,568
Arkansas	50	230	4,605	9	49	17	5,601	329,482	38	4,176	10,056	63,277
California	0	0	0	0	0	13	12,820	986,189	10	846	13,666	33,113
Colorado	0	0	0	0	0	13	3,004	231,062	19	3,564	6,568	48,515
Connecticut	0	0	0	0	0	2	970	485	0	0	970	1,052
Delaware	0	0	0	0	0	0	0	0	0	0	0	292
Florida	2	10	5,000	0	0	8	8,470	1,059	25	16,435	24,915	103,514
Georgia	12	253	21,080	0	0	14	5,289	377,786	14	3,230	8,772	43,221
Hawaii	2	10	5,000	0	0	0	0	0	0	0	10	492
Idaho	22	403	18,307	3	80	14	2,584	184,600	8	509	3,576	38,486
Illinois	0	0	0	0	0	18	9,151	508,389	18	3,728	12,879	57,590
Indiana	5	26	5,100	0	0	18	10,182	565,667	14	3,656	13,864	73,859
Iowa	10	98	9,818	0	0	12	8,463	705,217	29	9,220	17,781	74,865
Kansas	4	106	26,600	0	0	6	3,993	655,467	26	3,985	8,084	47,352
Kentucky	42	99	2,351	5	20	19	8,893	468,058	11	3,731	12,743	54,203
Louisiana	15	85	5,643	1	1	22	3,978	180,823	14	1,140	5,204	42,141
Maine	4	13	3,250	0	0	16	8,919	557,438	5	428	9,360	24,536
Maryland	0	0	0	0	0	5	2,213	442,600	3	206	2,419	7,173
Massachusetts	0	0	0	0	0	4	1,059	264,725	3	100	1,159	6,864
Michigan	0	0	0	0	0	16	8,688	543,000	12	29,508	38,196	62,755
Minnesota	0	0	0	0	0	10	5,089	508,900	5	390	5,479	22,002
Mississippi	16	86	5,376	0	0	30	8,129	270,963	109	13,650	21,865	141,784
Missouri	77	396	5,143	12	66	15	4,024	268,240	38	4,093	8,579	62,353
Montana	22	246	11,205	2	24	3	2,435	811,833	4	213	2,918	21,745
Nebraska	3	55	18,333	0	0	2	2,315	1,157,500	7	1,061	3,431	20,991
Nevada	0	0	0	0	0	0	0	0	1	926	926	5,426
New Hampshire	0	0	0	0	0	0	0	0	0	0	0	9,386
New Jersey	0	0	0	0	0	9	7,706	856,278	2	1,178	8,884	20,136
New Mexico	8	43	5,406	2	17	9	674	74,833	4	241	975	13,500
New York	2	3	1,650	0	0	15	9,552	636,807	14	4,824	14,379	69,316
North Carolina	1	4	3,680	0	0	20	19,251	962,550	17	6,002	25,257	94,346
North Dakota	5	82	16,360	0	0	11	7,504	682,182	12	3,225	10,811	30,420
Ohio	3	20	6,600	0	0	8	11,377	1,422,125	15	6,260	17,657	83,959
Oklahoma	34	356	10,481	3	56	20	8,170	408,500	27	3,455	12,037	76,883
Oregon	1	4	4,000	0	0	12	2,946	245,525	15	3,331	6,281	28,467
Pennsylvania	0	0	0	0	0	24	17,864	744,346	16	1,982	19,846	68,892
Rhode Island	0	0	0	0	0	2	7,000	3,500,000	0	0	7,000	8,509
South Carolina	1	1	720	0	0	10	11,513	1,151,300	26	7,290	18,804	66,991
South Dakota	4	26	6,475	0	0	9	4,075	452,756	4	287	4,388	35,574
Tennessee	6	31	5,117	1	2	23	12,828	557,739	40	6,939	19,800	73,520
Texas	23	174	7,552	2	13	22	11,211	509,573	77	14,726	26,124	170,104
Utah	6	185	30,917	1	27	5	953	190,600	9	440	1,605	10,876
Vermont	0	0	0	0	0	7	1,365	195,000	3	1,115	2,480	5,954
Virginia	0	0	0	0	0	9	5,858	650,890	16	2,899	8,757	37,441
Washington	4	69	17,308	0	0	14	2,209	157,779	5	371	2,649	22,563
West Virginia	0	0	0	0	0	15	8,069	537,933	16	3,422	11,491	39,365
Wisconsin	18	45	2,518	1	8	7	2,896	413,714	8	1,107	4,056	33,960
Wyoming	1	4	4,100	0	0	4	2,250	562,500	1	32	2,286	12,834
Puerto Rico	4	5	1,225	1	1	0	0	0	1	75	81	4,220
Virgin Islands	0	0	0	0	0	0	0	0	1	950	950	1,752

^{1/} Includes Water and Waste; Irrigation, Drainage, and Soil Conservation; Grazing; and Recreation to Association loan programs.

NOTE: The sum of the amounts may not equal U.S. total due to rounding.

UNITED STATES DEPARTMENT OF AGRICULTURE
 FARMERS HOME ADMINISTRATION

 Table II - Soil and Water Loans to Individuals - Number of Borrowers, Amount Loaned and Payments,
 Cumulative from September 17, 1954, Through January 1, 1974
 (Dollars in thousands)

State and Territory	Total number of borrowers	Total amount loaned	Borrowers paid in full or otherwise satisfied				Borrowers with unpaid balance as of January 1, 1974					
			Number	Payments			Number	Scheduled installments (principal and interest)	Principal and interest payments			Extra payments and refunds
				Total	Principal	Interest			Total	Regular and advance payments made on scheduled installments		
										Amount	As percent of schedule	
	1	2	3	4	5	6	7	8	9	10	11	12
U.S. TOTAL	20,686	\$101,705	14,041	\$74,811	\$63,341	\$11,470	6,645	\$15,655	\$15,833	\$15,099	96	734
Alabama	624	1,456	301	757	655	102	323	226	243	227	100	16
Alaska	5	21	5	26	21	5	0	0	0	0	0	0
Arizona	254	3,661	198	2,812	2,305	507	56	618	532	524	85	8
Arkansas	1,554	6,222	938	4,309	3,725	584	616	788	830	794	101	36
California	544	3,503	482	3,571	3,011	560	62	331	379	321	97	58
Colorado	291	2,074	241	1,802	1,517	285	50	244	247	241	99	6
Connecticut	12	24	4	12	10	2	8	5	6	5	100	1
Delaware	8	50	6	38	30	8	2	6	6	6	100	0
Florida	524	3,053	455	2,996	2,551	445	69	317	303	298	94	5
Georgia	347	1,410	320	1,465	1,260	205	27	44	48	42	96	6
Hawaii	40	225	19	105	94	11	21	40	49	44	110	5
Idaho	621	4,498	413	2,958	2,437	521	208	759	739	721	95	18
Illinois	188	568	153	489	425	64	35	63	64	61	97	3
Indiana	154	434	100	311	267	44	54	60	54	52	85	2
Iowa	393	2,119	167	818	694	124	226	397	405	395	100	10
Kansas	453	3,747	370	3,369	2,802	567	83	365	390	370	101	20
Kentucky	643	1,190	289	529	461	68	354	242	244	232	96	12
Louisiana	441	2,250	292	1,424	1,220	204	149	685	627	602	88	25
Maine	130	301	61	131	111	20	69	69	71	70	101	1
Maryland	30	142	29	154	131	23	1	4	4	4	100	0
Massachusetts	79	270	44	146	127	19	35	120	120	118	98	2
Michigan	219	1,279	182	1,094	920	174	37	157	181	155	99	26
Minnesota	143	753	75	365	303	62	68	140	148	143	102	5
Mississippi	1,139	3,467	730	2,650	2,309	341	409	382	404	379	99	25
Missouri	1,145	4,294	532	1,860	1,606	254	613	557	579	550	99	29
Montana	370	1,980	281	1,527	1,272	255	89	301	307	295	98	12
Nebraska	985	7,729	736	5,506	4,624	882	249	1,186	1,212	1,184	100	28
Nevada	57	543	39	346	292	54	18	143	147	128	90	19
New Hampshire	3	7	1	2	2	0	2	3	3	3	100	0
New Jersey	142	562	103	461	398	63	39	123	96	91	74	5
New Mexico	522	3,207	421	2,710	2,350	360	101	480	483	468	98	15
New York	128	342	88	298	260	38	40	44	45	41	93	4
North Carolina	596	1,800	462	1,542	1,342	200	134	241	248	242	100	6
North Dakota	159	749	95	283	232	51	64	144	144	139	97	5
Ohio	73	296	46	189	160	29	27	36	39	36	100	3
Oklahoma	781	5,684	473	3,428	2,984	444	308	824	817	786	95	31
Oregon	441	1,957	360	1,706	1,401	305	81	346	265	263	76	2
Pennsylvania	87	159	67	138	119	19	20	18	22	18	100	4
Rhode Island	9	19	4	7	6	1	5	4	4	4	100	0
South Carolina	454	1,346	393	1,330	1,150	180	61	113	115	113	100	2
South Dakota	288	1,568	134	699	562	137	154	399	442	392	98	50
Tennessee	353	806	256	610	521	89	97	124	127	119	96	8
Texas	2,199	13,373	1,459	9,941	8,498	1,443	740	2,327	2,419	2,268	98	151
Utah	524	2,705	363	2,075	1,669	406	161	672	680	670	100	10
Vermont	19	54	6	21	18	3	13	13	14	13	100	1
Virginia	72	257	63	266	234	32	9	18	18	17	94	1
Washington	612	4,439	478	3,743	3,026	717	134	685	691	672	98	19
West Virginia	94	171	88	187	159	28	6	5	4	3	60	1
Wisconsin	599	1,856	279	883	747	136	320	365	394	369	101	25
Wyoming	168	947	113	596	512	84	55	179	175	170	95	5
Puerto Rico	966	2,127	823	2,116	1,802	314	143	244	246	237	97	9
Virgin Islands	4	10	4	12	10	2	0	0	0	0	0	0

NOTE: The sum of the amounts may not equal U.S. total due to rounding.

UNITED STATES DEPARTMENT OF AGRICULTURE
 FARMERS HOME ADMINISTRATION

 Table III - Soil and Water Loans to Groups - Number of Groups, Amount Loaned and Payments,
 Cumulative from September 17, 1954, Through January 1, 1974
 (Dollars in thousands)

State and Territory	Total number of groups	Total amount loaned	Groups paid in full 1/				Groups with unpaid balance as of January 1, 1974					
			Number	Payments			Number	Scheduled installments (principal and interest)	Principal and interest payments			Extra payments and refunds
				Total	Principal	Interest			Total	Regular and advance payments made on scheduled installments		
										Amount	As percent of schedule	
1	2	3	4	5	6	7	8	9	10	11	13	
U.S. TOTAL	7,510	\$1,475,562	431	36,464	\$23,174	\$13,290	7,079	\$347,507	\$344,012	\$339,182	97	\$4,830
Alabama	209	38,237	9	398	332	66	200	7,950	7,985	7,952	100	33
Alaska	8	2,791	0	0	0	0	8	321	349	329	102	20
Arizona	53	10,490	10	1,902	1,604	298	43	2,484	2,319	2,260	91	59
Arkansas	261	38,032	9	276	243	33	252	8,775	8,951	8,739	99	212
California	110	22,536	5	179	155	24	105	3,336	3,318	3,284	98	34
Colorado	202	44,770	24	6,310	4,069	2,241	178	15,133	15,061	14,640	97	421
Connecticut	3	459	0	0	0	0	3	130	100	100	77	0
Delaware	2	750	0	0	0	0	2	157	143	143	97	0
Florida	119	34,272	13	1,234	237	997	106	7,049	7,252	7,104	101	148
Georgia	187	30,429	8	403	297	106	179	6,540	6,471	6,414	98	57
Hawaii	2	352	1	19	17	2	1	100	100	100	100	0
Idaho	214	27,385	29	1,259	845	414	185	7,663	7,635	7,525	98	110
Illinois	183	40,767	2	174	138	36	181	7,210	7,207	7,207	100	*
Indiana	165	58,482	3	225	71	154	162	13,507	13,336	13,283	98	53
Iowa	272	32,876	18	960	790	170	254	7,508	7,559	7,456	99	103
Kansas	209	31,990	11	1,167	847	320	198	9,886	10,280	9,998	101	282
Kentucky	155	49,766	4	950	592	358	151	11,727	11,286	11,268	96	18
Louisiana	239	37,138	4	101	92	9	235	7,541	7,589	7,525	100	64
Maine	44	9,558	0	239	186	53	44	1,606	1,549	1,458	91	91
Maryland	31	7,462	0	0	0	0	31	1,337	1,160	1,155	86	5
Massachusetts	5	1,517	0	0	0	0	5	305	309	309	101	0
Michigan	58	19,624	0	18	5	13	58	2,828	2,801	2,801	99	0
Minnesota	115	16,410	6	108	56	51	109	3,115	3,109	3,065	98	44
Mississippi	658	118,536	51	3,576	1,258	2,318	609	28,344	28,594	28,195	99	399
Missouri	277	58,633	6	685	230	455	271	14,333	14,106	13,862	97	244
Montana	114	19,769	6	584	505	79	108	7,376	7,407	7,294	99	113
Nebraska	73	9,762	1	224	39	185	72	2,282	2,237	2,182	96	55
Nevada	21	2,621	3	110	59	51	18	935	937	922	98	15
New Hampshire	10	4,548	1	36	30	6	9	725	686	686	95	*
New Jersey	31	10,854	2	56	23	33	29	2,672	2,718	2,718	102	*
New Mexico	104	10,187	7	278	160	118	97	2,844	2,899	2,809	99	90
New York	116	42,036	2	34	29	5	114	7,131	6,939	6,901	97	38
North Carolina	218	52,129	15	1,097	275	822	203	13,579	13,074	12,790	94	284
North Dakota	125	19,797	12	390	330	60	113	3,297	3,401	3,373	102	28
Ohio	81	48,998	1	22	20	2	80	7,634	6,217	6,216	81	1
Oklahoma	360	72,490	26	713	212	501	334	15,273	14,810	14,687	99	123
Oregon	160	22,205	18	558	470	88	142	6,200	6,069	5,987	98	82
Pennsylvania	100	27,717	0	76	12	64	100	6,026	5,858	5,787	96	71
Rhode Island	2	480	0	0	0	0	2	53	18	16	30	2
South Carolina	166	40,382	10	836	595	241	156	7,018	7,137	6,977	99	160
South Dakota	216	24,963	8	838	565	273	208	7,584	7,517	7,364	97	153
Tennessee	205	54,652	6	1,703	1,118	585	199	12,660	12,050	11,962	95	88
Texas	825	155,064	19	5,287	4,235	1,052	806	45,946	46,305	45,617	99	688
Utah	97	9,748	13	263	206	57	84	2,136	2,270	2,199	103	71
Vermont	20	4,358	0	0	0	0	20	885	874	873	98	1
Virginia	86	19,208	1	298	79	219	85	3,869	3,507	3,495	90	12
Washington	186	22,300	32	1,528	1,222	306	154	5,816	5,825	5,705	98	120
West Virginia	151	29,836	10	293	134	159	141	7,221	7,230	7,126	99	104
Wisconsin	121	22,054	2	131	78	53	119	4,335	4,301	4,283	99	18
Wyoming	94	13,563	13	887	679	208	81	4,610	4,675	4,569	99	106
Puerto Rico	46	1,898	10	41	36	5	36	517	453	445	86	8
Virgin Islands	1	680	0	0	0	0	1	0	27	27	0	0

^{1/} The amounts include payment in full for part of the total number of notes owed by the borrower.

NOTE: The sum of the amounts may not equal the U.S. total due to rounding.

* Less than \$500.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table IV - Water Facilities Loans to Individuals Made From 1938 Through September 17, 1954,
and Maturities and Collections Through June 30, 1974
(Dollars in Thousands)

State	Cumulative loan obligations	Cumulative loan advances	Matured principal	Collections			Principal		Outstanding principal balance on loan advances
				Principal repayments	Interest payments	Total	Writeoffs	Judgments	
	1	2	3	4	5	6	7	8	9
U.S. TOTAL	\$29,695	\$29,786	\$29,769	\$29,750	\$4,188	\$33,938	109	51	36
Arizona	1,807	1,801	1,800	1,797	316	2,113	1	1	5
Arkansas	1	2	2	2	*	2	0	0	0
California	2,670	2,682	2,682	2,676	388	3,064	16	0	6
Colorado	1,824	1,813	1,813	1,813	258	2,071	2	12	0
Idaho	1,944	1,955	1,951	1,951	275	2,226	0	4	4
Illinois	0	1	1	1	*	1	0	0	0
Iowa	0	*	*	*	*	*	0	0	0
Kansas	1,224	1,227	1,227	1,226	187	1,413	7	0	1
Minnesota	0	1	1	1	1	2	1	0	0
Missouri	53	57	57	57	11	68	3	0	0
Montana	1,847	1,853	1,853	1,851	270	2,121	6	11	2
Nebraska	2,194	2,204	2,204	2,204	277	2,481	6	0	0
Nevada	157	161	161	161	24	185	0	0	0
New Jersey	0	*	*	*	*	*	0	0	0
New Mexico	1,519	1,520	1,516	1,516	226	1,742	16	0	4
New York	4	5	5	5	1	6	0	0	0
North Dakota	457	455	455	455	53	508	1	0	0
Oklahoma	2,542	2,553	2,553	2,551	357	2,908	7	1	2
Oregon	1,492	1,501	1,499	1,499	203	1,702	13	11	3
South Dakota	535	532	532	532	79	611	3	0	0
Texas	4,259	4,277	4,277	4,277	454	4,731	14	1	*
Utah	1,514	1,528	1,525	1,522	283	1,805	3	0	6
Virginia	0	1	1	1	*	1	0	0	0
Washington	2,506	2,528	2,526	2,525	369	2,894	7	10	3
Wyoming	1,146	1,128	1,128	1,128	154	1,282	3	0	0

NOTE: The sum of the amounts may not equal U.S. Total due to rounding.
* Less than \$500.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table V - Water Facilities Loans to Groups - Number of Loans, Amount Loaned from 1938 Through September 17, 1954,
Installments Due and Payments, Cumulative Through January 1, 1974
(Dollars in Thousands)

State	Total number of loans	Total amount loaned	Loans paid in full				Loans with unpaid balance as of January 1, 1974					
			Number	Total	Payments		Number	Scheduled installments (principal and interest)	Total	Principal and interest payments		Extra payments and refunds
					Principal <u>1/</u>	Interest <u>2/</u>				Amount	As percent of schedule	
	1	2	3	4	5	6	7	8	9	10	11	12
U.S. TOTAL	292	\$7,410	223	\$5,460	\$4,205	\$1,255	69	\$3,155	\$3,158	\$3,119	99	39
Arizona	11	320	9	307	234	73	2	102	109	109	106	0
California	8	272	7	218	172	46	1	120	126	126	105	0
Colorado	39	901	34	751	586	165	5	367	210	210	57	0
Idaho	39	883	31	688	540	148	8	336	361	355	105	6
Kansas	2	37	0	0	0	0	2	36	43	43	119	0
Montana	20	476	18	471	362	109	2	102	112	111	109	1
Nevada	10	388	8	237	189	48	2	200	214	207	103	7
New Mexico	20	413	16	227	198	29	4	223	229	229	103	0
North Dakota	1	15	1	16	15	1	0	0	0	0	0	0
Oregon	17	507	13	483	344	139	4	104	104	104	100	0
Utah	51	1,264	30	659	499	160	21	715	760	746	104	14
Washington	65	1,689	48	1,172	902	270	17	823	865	854	104	11
Wyoming	9	246	8	233	165	68	1	25	26	26	104	0

1/ Includes principal writeoffs of \$59,200.

2/ Includes interest writeoffs of \$9,319.

NOTE: Sum of the amounts may not equal U.S. Total due to rounding.

OPERATING LOANS (sec. 311).

The Appropriation Act of 1974 provided authority for a \$350,000,000 loan level for operating loans. Subsequently during the year the loan level was increased to \$525,000,000. A total of \$524,993,821 was obligated for operating loans in 1974. Loan cost items totaled \$104,917.

The Appropriation Act of 1975 provided authority for a \$525,000,000 loan level for operating loans.

1. Use of operating loan funds: The major portion of the operating loan funds in 1974 was used to assist farmers in making basic adjustments in their farming operations. An analysis of initial and subsequent operating loans indicates that 26.6 percent of the funds were used for purchase of livestock, 23.8 percent for purchase of machinery and equipment, 10.6 percent for refinancing existing debts secured by livestock and equipment and unsecured debts, and 35.4 percent for current farm operating expenses. The other 3.6 percent was used for real estate improvements, family living expenses and other minor expense items. Funds used for refinancing existing indebtedness amounted to 10.6 percent, a decrease of 4.0 percent from the comparable portion so used in 1973.
2. Applications: A total of 37,654 applications for initial operating loans were received in 1974. At the end of the year, 5,896 applications were on hand.
3. Number and amount of loans: The following tabulation shows the number and amount of initial and subsequent farm operating loans for fiscal year 1974 and estimated for 1975:

	<u>Fiscal Year 1974</u>		<u>Fiscal Year 1975(Est.)</u>	
	<u>Number</u>	<u>Amount</u> (millions)	<u>Number</u>	<u>Amount</u> (millions)
<u>Farm Operating Loans:</u>				
Total, Initial loans	23,965	\$282.4	23,300	\$275.0
Total, Subsequent loans ..	<u>29,900</u>	<u>242.6</u>	<u>27,700</u>	<u>250.0</u>
Total Loans	<u>53,865</u>	<u>525.0</u>	<u>51,000</u>	<u>525.0</u>

4. Collections: A summary of the current and cumulative activity on operating loans is tabulated below.

<u>Fiscal Year</u>	<u>Loan Advances</u>	<u>Principal Repayments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
	(-----Dollars in Millions-----)			
1968	\$276.5	\$261.1	\$30.7	\$291.8
1969	275.0	268.4	32.3	300.7
1970	274.5	264.2	26.8	291.0
1971	273.7	277.3	41.3	318.6
1972	326.2	277.5	41.8	319.3
1973	446.8	292.3	49.1	341.4
1974	514.2	376.6	53.8	430.4

UNITED STATES DEPARTMENT OF AGRICULTURE
 FARMERS HOME ADMINISTRATION

 Table I - Total Operating Loans to Individuals, 1974 Fiscal Year and Operating and Production and Subsistence Loans,
 Cumulative from Inception, November 1, 1946, through June 30, 1974 ^{1/}
 (Dollars in thousands except "Average" Amounts)

State and Territory	1974 fiscal year								Cumulative - November 1, 1946 through June 30, 1974	
	Initial loans			Subsequent loans <u>2/</u>			Total loans			
	Number	Amount	Average amount	Number	Amount	Average amount	Number	Amount	Number	Amount
	1	2	3	4	5	6	7	8	9	10
U.S. TOTAL	23,965	\$282,416	\$11,785	29,900	\$242,578	\$8,113	53,865	\$524,994	2,009,065	\$6,151,113
Alabama	677	4,557	6,731	1,034	6,523	6,309	1,711	11,080	102,006	157,436
Alaska	3	24	8,116	5	58	11,600	8	82	619	2,558
Arizona	121	1,753	14,488	92	1,165	12,663	213	2,918	4,154	24,200
Arkansas	1,430	8,786	6,144	1,284	8,193	6,381	2,714	16,979	88,995	210,799
California	158	2,534	16,038	150	1,988	13,260	308	4,522	14,345	73,110
Colorado	161	3,012	18,708	278	3,284	11,813	439	6,296	26,919	110,879
Connecticut	29	474	16,355	41	340	8,300	70	814	1,626	8,696
Delaware	38	479	12,599	31	307	9,903	69	786	1,146	4,417
Florida	349	3,439	9,854	358	2,672	7,464	707	6,111	28,363	66,543
Georgia	771	9,008	11,684	1,083	11,529	10,645	1,854	20,537	86,797	232,525
Hawaii	18	140	7,778	32	165	5,150	50	305	2,470	6,894
Idaho	374	6,704	17,925	701	7,079	10,098	1,075	13,783	39,860	188,997
Illinois	358	5,444	15,207	873	7,825	8,963	1,231	13,269	46,740	206,666
Indiana	314	5,772	18,382	400	4,545	11,363	714	10,317	24,145	112,646
Iowa	462	10,120	21,905	939	6,720	7,158	1,401	16,840	49,657	224,357
Kansas	796	7,946	9,982	550	4,472	8,131	1,346	12,418	33,524	118,336
Kentucky	1,150	7,654	6,656	879	4,301	4,893	2,029	11,955	59,562	106,100
Louisiana	1,190	10,028	8,427	1,190	12,305	10,340	2,380	22,333	72,551	200,497
Maine	303	4,109	13,561	951	9,711	10,211	1,254	13,820	35,167	147,383
Maryland	86	1,064	12,372	169	1,239	7,331	255	2,303	11,500	27,331
Massachusetts	21	341	16,217	30	213	7,100	51	554	1,944	7,342
Michigan	320	8,128	25,400	449	4,550	10,134	769	12,678	27,207	120,270
Minnesota	616	9,348	15,175	968	7,378	7,622	1,584	16,726	42,872	185,897
Mississippi	2,045	14,050	6,870	1,139	8,814	7,738	3,184	22,864	118,240	215,279
Missouri	1,117	12,503	11,193	1,075	8,484	7,892	2,192	20,987	63,646	208,689
Montana	186	3,567	19,177	476	4,852	10,193	662	8,419	29,850	141,010
Nebraska	377	5,237	13,891	697	5,510	7,905	1,074	10,747	38,246	154,138
Nevada	31	547	17,648	35	367	10,490	66	914	1,961	14,467
New Hampshire	18	246	13,683	57	310	5,430	75	556	2,827	9,760
New Jersey	144	2,113	14,674	152	1,380	9,079	296	3,493	9,707	35,533
New Mexico	227	2,266	9,982	203	2,102	10,355	430	4,368	17,723	63,873
New York	321	7,157	22,296	666	3,840	5,766	987	10,997	30,728	138,984
North Carolina	1,578	11,531	7,307	2,533	17,628	6,959	4,111	29,159	139,200	283,577
North Dakota	347	6,812	19,631	823	6,727	8,174	1,170	13,539	46,274	190,548
Ohio	199	3,695	18,568	278	2,407	8,658	477	6,102	15,780	65,683
Oklahoma	974	12,800	13,142	1,117	10,528	9,425	2,091	23,328	82,468	221,591
Oregon	195	2,308	11,836	192	2,165	11,276	387	4,473	15,699	68,079
Pennsylvania	237	5,406	22,810	305	2,255	7,393	542	7,661	21,878	85,135
Rhode Island	13	112	8,614	7	48	6,871	20	160	350	1,239
South Carolina	898	6,112	6,806	829	5,776	6,967	1,727	11,888	102,559	118,803
South Dakota	801	13,364	16,684	1,102	8,098	7,348	1,903	21,462	49,134	213,948
Tennessee	560	4,606	8,225	742	5,212	7,024	1,302	9,818	57,624	107,269
Texas	1,658	24,487	14,769	2,061	18,772	9,108	3,719	43,259	157,611	603,945
Utah	200	1,896	9,480	266	2,020	7,594	466	3,916	16,860	68,434
Vermont	102	2,015	19,751	308	1,779	5,776	410	3,794	6,112	33,439
Virginia	377	2,985	7,918	466	2,868	6,155	843	5,853	30,362	59,258
Washington	163	2,970	18,221	315	3,956	12,559	478	6,926	24,617	137,435
West Virginia	342	2,002	5,854	394	2,033	5,160	736	4,035	20,142	44,824
Wisconsin	565	17,397	30,791	866	6,058	6,995	1,431	23,455	39,760	184,715
Wyoming	227	2,315	10,198	224	1,754	7,830	451	4,069	19,971	84,428
Puerto Rico	317	1,043	3,290	85	273	3,216	402	1,316	46,975	52,612
Virgin Islands	1	10	10,500	0	0	0	1	10	595	539

^{1/} Does not include loans from State Rural Rehabilitation Funds.

^{2/} Subsequent loan amounts include recoverable and non-recoverable loan costs such as advances for taxes, insurance and filing fees.

NOTE: The sum of the amounts may not equal U. S. total due to rounding.

UNITED STATES DEPARTMENT OF AGRICULTURE
 FARMERS HOME ADMINISTRATION

 Table II - Operating and Production and Subsistence Loans, Maturities and Collections,
 Cumulative From November 1, 1946, Through June 30, 1974 ^{1/2/}
 (Dollars in thousands)

State and Territory	Cumulative loan obligations	Cumulative advances ^{3/}	Matured principal	Collections			Principal		Unpaid principal balance
				Principal repayments	Interest payments	Total	Writeoffs	Judgments	
	1	2	3	4	5	6	7	8	9
U.S. TOTAL	\$6,151,028	\$7,283,054	\$6,287,951	\$6,268,394	\$815,820	\$7,084,214	\$238,313	\$11,013	\$1,014,659
Alabama	157,432	203,906	186,792	186,698	20,124	206,822	14,501	200	17,207
Alaska	2,558	2,939	2,805	2,659	521	3,180	246	15	280
Arizona	24,200	29,836	25,188	24,061	3,133	27,194	1,325	56	5,773
Arkansas	210,799	257,797	232,314	231,822	24,492	256,314	12,396	387	25,974
California	73,106	103,820	97,900	96,152	14,077	110,229	8,865	207	7,667
Colorado	110,879	142,016	132,099	131,910	18,335	150,245	7,257	308	10,105
Connecticut	8,695	10,335	8,572	8,593	1,302	9,895	446	34	1,744
Delaware	4,417	5,221	4,081	3,974	675	4,649	148	18	1,248
Florida	66,543	82,859	74,394	73,867	9,615	83,482	6,969	327	8,992
Georgia	232,526	278,185	251,714	250,876	23,801	274,677	14,931	401	27,308
Hawaii	6,894	7,393	6,721	6,483	896	7,379	127	*	910
Idaho	188,997	206,784	173,269	173,490	22,767	196,257	2,991	155	33,294
Illinois	206,665	231,666	205,357	204,394	25,459	229,853	4,457	106	28,983
Indiana	112,646	130,259	112,170	111,461	14,344	125,805	2,333	133	18,798
Iowa	224,356	256,507	206,982	207,712	32,292	240,004	2,038	105	48,795
Kansas	118,336	150,236	128,939	128,405	18,784	147,189	3,792	181	21,830
Kentucky	106,100	122,419	98,750	98,895	13,063	111,958	1,371	50	23,525
Louisiana	200,498	234,916	205,096	204,078	20,678	224,756	10,479	668	30,839
Maine	147,346	160,487	135,317	131,088	16,076	147,164	4,977	102	29,401
Maryland	27,331	31,690	27,238	27,198	4,326	31,524	877	23	4,490
Massachusetts	7,338	9,342	8,182	8,175	1,294	9,469	406	35	1,166
Michigan	120,269	141,471	112,249	112,001	19,208	131,209	3,948	157	29,472
Minnesota	185,896	232,538	195,979	196,786	29,482	226,268	4,046	226	35,750
Mississippi	215,279	264,768	223,471	222,688	28,186	250,874	14,633	542	42,080
Missouri	208,689	251,579	211,170	210,442	26,431	236,873	4,345	169	39,426
Montana	141,010	162,577	146,271	145,065	20,073	165,138	3,515	395	17,512
Nebraska	154,138	189,828	170,389	170,852	22,926	193,778	3,895	277	18,974
Nevada	14,466	16,010	14,042	13,338	1,867	15,205	422	31	2,672
New Hampshire	9,760	12,494	10,615	10,663	1,988	12,651	561	17	1,832
New Jersey	35,529	39,513	34,269	33,608	5,173	38,781	1,394	189	5,905
New Mexico	63,873	78,786	71,807	71,212	9,105	80,317	4,062	108	7,575
New York	138,964	154,250	126,032	125,043	22,440	147,483	4,856	382	29,208
North Carolina	283,575	319,411	278,613	278,747	20,752	299,499	5,301	314	40,663
North Dakota	190,547	211,556	171,517	171,553	29,009	200,562	3,387	858	40,005
Ohio	65,684	88,244	74,146	73,633	12,040	85,673	2,985	188	14,611
Oklahoma	221,591	279,048	239,927	239,070	30,967	270,037	6,546	404	39,979
Oregon	68,080	81,292	71,984	71,790	9,030	80,820	2,641	113	9,502
Pennsylvania	85,134	97,478	78,615	78,989	14,627	93,616	2,195	404	18,488
Rhode Island	1,239	1,684	1,438	1,427	229	1,656	110	9	257
South Carolina	118,803	142,350	126,032	125,585	12,859	138,444	8,434	195	16,763
South Dakota	213,948	248,110	198,025	197,962	37,363	235,325	5,073	224	50,148
Tennessee	107,267	121,958	105,029	104,209	11,625	115,834	2,775	98	17,750
Texas	603,944	714,984	650,104	648,108	71,381	719,489	35,713	1,252	66,877
Utah	68,433	80,505	70,844	70,722	10,391	81,113	995	158	9,783
Vermont	33,438	36,394	24,365	25,426	4,843	30,269	386	3	10,968
Virginia	59,259	75,098	65,594	64,741	8,064	72,805	2,282	78	10,358
Washington	137,432	157,760	142,993	142,322	17,961	160,183	5,178	281	15,439
West Virginia	44,824	52,963	42,892	42,954	7,615	50,569	1,071	74	10,008
Wisconsin	184,715	208,552	152,236	154,393	27,802	182,195	3,798	92	54,158
Wyoming	84,428	104,235	96,075	95,615	12,024	107,639	2,087	161	8,620
Puerto Rico	52,613	58,347	56,780	56,807	4,327	61,134	726	103	1,540
Virgin Islands	540	661	654	653	75	728	22	0	6

^{1/} Emergency crop and feed loans reported in this table in prior years are now included in Table 14, Emergency Loans.

^{2/} Loans from State Rural Rehabilitation Corporation funds included.

^{3/} Cumulative advances by State include the face amount of individual notes owed by borrowers transferring from one state to another while still indebted.

NOTE: The sum of the amounts may not equal U.S. total due to rounding.

* Less than \$500.

EMERGENCY LOANS (sec. 321).

As of June 30, 1974, the cumulative principal outstanding for emergency loans was \$97.0 million. Since the inception of the program loan advances have totaled \$2,278 million, and loan repayments have been \$1,678 million. Loan repayments do not include amounts written off under various authorities.

Loan Obligations: Direct emergency loans obligated from the Emergency Credit Revolving Fund from fiscal years 1968 through 1972 and emergency loans obligated from the Agricultural Credit Insurance Fund from fiscal years 1972 through 1974, and estimated for 1975 are shown below:

Fiscal Year	<u>Initial</u>		<u>Subsequent</u>		<u>Total</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
	(-----Dollars in Thousands-----)					
1968 (direct)	16,054	\$77,150	6,090	\$30,492	22,144	\$107,642
1969 (direct)	13,496	75,369	7,176	39,287	20,672	114,656
1970 (direct)	7,808	56,371	4,979	33,116	12,787	89,487
1971 (direct)	16,025	101,216	3,779	26,419	19,804	127,636
1972 (direct)	2,750	22,338	1,127	7,166	3,877	29,504
(1972 (insured)	6,966	61,082	2,136	18,325	9,102	79,408
1973 (insured)	124,783	527,727	3,884	30,043	128,667	557,770
1974 (insured)	22,016	117,362	418	10,975	22,434	128,337
Est. 1975						
(insured)	24,340	190,000	1,300	10,000	25,640	200,000

UNITED STATES DEPARTMENT OF AGRICULTURE
 FARMERS HOME ADMINISTRATION

 Table I - Emergency (Disaster) Loans Made During 1974 Fiscal Year and Cumulative from April 1949 Through June 30, 1974
 (Dollars in Thousands)

State and Territory	1974 fiscal year			Cumulative from April 1949 through June 30, 1974			1974 fiscal year			Cumulative from April 1949 through June 30, 1974		
	Number	Amount		Number	Amount		Number	Amount		Number	Amount	
U.S. TOTAL	22,434	\$128,447		581,908	\$2,072,760		0	\$0		1,692	\$8,288	
Initial Loans	22,016	117,362		460,974	1,648,934		4	48		4,733	21,606	
Subsequent Loans	418	10,975		120,934	421,477		0	0		87	1,090	
Loan Costs 1/		110			2,349		10	38		823	3,571	
Alabama	400	3,076		15,518	30,480		3	18		4,368	24,499	
Alaska	0	0		51	30,300							
Arizona	5	381		612	7,179							
Arkansas	39	151		35,249	106,200		28	232		1,171	93,618	
California	361	1,687		4,162	32,862		24	230		24,652	67,216	
Colorado	35	183		8,181	44,445		35	355		30,816	54,889	
Connecticut	78	1,317		1,363	9,229					1,183	7,317	
Delaware	1	3		414	2,958		171	1,426		25,149	76,394	
Florida	2	117		1,941	20,574		44	393		1,068	7,540	
Georgia	66	873		17,807	59,100		13	12		13,592	58,280	
Hawaii	1	2		90	227		1	1		203	1,544	
Idaho	5	158		1,613	16,978		98	1,490		23,643	39,704	
Illinois	1,521	10,818		4,362	23,766		24	213		19,955	56,173	
Indiana	179	2,543		1,423	10,273		1,076	5,576		7,700	17,455	
Iowa	4,390	7,782		9,859	21,551		1,953	8,342		133,573	522,241	
Kansas	11	79		7,248	30,705		3	10		2,636	11,943	
Kentucky	340	2,924		1,693	4,305		39	164		3,271	14,380	
Louisiana	3,122	26,018		29,961	133,064		5	112		4,263	17,098	
Maine	4	23		4,412	24,486		96	1,094		2,045	18,099	
Maryland	0	0		1,832	7,648		0	0		589	1,736	
Massachusetts	40	425		1,467	8,585		2,321	12,835		4,130	16,620	
Michigan	907	5,661		5,128	27,240		23	653		1,337	6,825	
Minnesota	9	76		26,924	104,646		818	3,176		5,203	12,849	
Mississippi	826	10,089		38,148	97,039		0	0		0	0	
Missouri	2,565	8,484		26,985	74,309							

1/ "Loan Costs" represent the amount advanced to borrowers for such purposes as the payment of taxes, insurance premiums, etc.

NOTE: Sum of the amounts may not equal U.S. Total due to rounding.

UNITED STATES DEPARTMENT OF AGRICULTURE
 FARMERS HOME ADMINISTRATION

 Table II - Emergency (Disaster) Loans - Maturities and Collections,
 Cumulative From April 1949 Through June 30, 1974 ^{1/}
 (Dollars in thousands)

State and Territory	Cumulative advances ^{2/}	Matured principal	Collections			Principal		Unpaid principal balance
			Principal repayments	Interest payments	Total	Writeoffs ^{3/}	Judgments	
	1	2	3	4	5	6	7	8
U.S. TOTAL	\$2,849,292	\$2,769,985	\$2,768,482	\$158,279	\$2,926,761	\$660,155	\$4,166	\$80,798
Alabama	45,940	44,182	44,420	1,632	46,052	2,948	66	1,519
Alaska	403	365	400	65	465	51	0	3
Arizona	9,788	8,604	8,347	540	8,887	1,543	4	1,440
Arkansas	151,006	150,878	150,557	5,813	156,370	5,799	167	450
California	42,101	40,773	40,731	2,935	43,666	10,290	47	1,367
Colorado	66,176	65,990	65,828	5,152	70,980	4,496	92	348
Connecticut	9,566	7,401	8,010	154	8,164	3,990	1	1,557
Delaware	3,284	3,081	3,091	74	3,165	1,475	1	192
Florida	28,291	28,175	27,630	2,032	29,662	2,072	114	660
Georgia	100,108	99,465	99,147	2,660	101,807	11,764	66	962
Hawaii	338	371	338	31	369	3	0	0
Idaho	24,985	24,821	24,159	1,683	25,842	808	33	827
Illinois	25,191	21,457	22,453	793	23,246	6,877	9	2,738
Indiana	11,718	10,957	10,768	630	11,398	499	13	950
Iowa	22,948	22,763	22,808	636	23,444	12,070	6	141
Kansas	58,439	58,388	58,225	6,131	64,356	3,954	88	214
Kentucky	10,557	9,374	9,393	726	10,119	1,269	2	1,165
Louisiana	148,992	139,057	140,670	3,910	144,580	27,192	355	8,321
Maine	40,424	40,392	37,570	1,940	39,510	1,834	43	2,854
Maryland	9,332	8,939	9,003	373	9,376	5,011	3	320
Massachusetts	8,909	7,555	7,842	155	7,997	4,365	3	1,068
Michigan	26,274	25,179	25,290	760	26,050	13,956	5	984
Minnesota	123,710	123,638	123,468	4,323	127,791	62,396	105	242
Mississippi	120,418	112,424	112,647	3,931	116,578	8,947	209	7,771
Missouri	91,105	89,837	89,542	4,007	93,549	6,947	74	1,562
Montana	37,694	37,639	37,600	8,577	46,177	6,613	84	94
Nebraska	38,012	37,993	37,947	4,498	42,445	3,423	86	66
Nevada	3,341	3,341	3,294	308	3,602	94	2	47
New Hampshire	3,787	3,238	3,355	64	3,419	2,183	1	432
New Jersey	25,738	25,171	24,703	693	25,396	9,310	7	1,035
New Mexico	32,178	31,555	31,579	3,163	34,742	6,829	127	599
New York	93,673	80,445	83,054	866	83,920	50,487	34	10,607
North Carolina	106,377	105,844	105,807	2,247	108,054	11,015	54	571
North Dakota	117,776	117,494	117,442	23,963	141,405	27,247	431	337
Ohio	10,177	9,700	9,735	466	10,201	1,835	21	441
Oklahoma	96,506	93,897	93,150	3,900	97,050	31,131	78	3,355
Oregon	12,667	11,834	11,795	1,614	13,409	2,095	21	871
Pennsylvania	62,025	56,446	56,864	568	57,432	44,987	27	5,161
Rhode Island	1,528	1,079	1,249	17	1,266	609	*	278
South Carolina	81,160	80,289	80,210	2,161	82,371	2,894	106	949
South Dakota	99,672	98,689	98,814	16,227	115,041	48,461	143	859
Tennessee	29,098	27,978	28,014	1,100	29,114	6,747	4	1,085
Texas	665,377	660,832	657,416	26,501	683,917	157,560	1,087	7,962
Utah	18,878	18,509	18,468	1,366	19,834	5,837	35	411
Vermont	14,784	12,594	13,233	120	13,353	10,437	*	1,552
Virginia	31,874	30,782	30,576	1,461	32,037	5,781	42	1,299
Washington	28,702	27,520	27,096	3,884	30,980	4,430	179	1,607
West Virginia	3,264	3,261	3,189	310	3,499	705	4	75
Wisconsin	18,105	15,389	16,843	973	17,816	10,304	16	1,262
Wyoming	14,192	13,688	13,738	1,886	15,624	878	54	453
Puerto Rico	22,709	20,718	20,978	260	21,238	7,625	12	1,731
Virgin Islands	0	0	0	0	0	0	0	0

^{1/} Includes Emergency Crop and Feed loans previously reported in operating loans table 12.

^{2/} Cumulative advances by state include the face amount of individual notes owed by borrowers transferred from one state to another while still indebted.

^{3/} Includes \$7,373,771 written off under provisions of the Southeast Hurricane Disaster Relief Act of 1965 and \$526,124,898 written off under provisions of the Disaster Relief Act, as amended.

NOTE: The sum of the amounts may not equal U.S. total due to rounding.

* Less than \$500.

WATERSHED WORKS OF IMPROVEMENT AND FLOOD PREVENTION LOANS (sec. 8-P.L. 83-566).

Number and amount of loans: The following table shows the number and amount of watershed works of improvement and flood prevention loans made in fiscal year 1974 and estimates for such loans for fiscal year 1975.

	<u>Fiscal Year 1974</u>		<u>Fiscal Year 1975 (Est.)</u>	
	<u>Number</u>	<u>Amount</u> (thousands)	<u>Number</u>	<u>Amount</u> (thousands)
<u>Watershed works of improvement loans</u>				
Initial	27	\$13,416.8	45	\$14,000.0
Subsequent	12	6,385.5	20	6,000.0
Subtotal	<u>39</u>	<u>19,802.3</u>	<u>65</u>	<u>20,000.0</u>
<u>Flood prevention loans</u>				
Initial	--	--	1	400.0
Subsequent	--	--	--	--
Subtotal	<u>--</u>	<u>--</u>	<u>1</u>	<u>400.0</u>
Total	<u>39</u>	<u>19,802.3</u>	<u>66</u>	<u>20,400.0</u>

Characteristics of loan requests: Applications for loans received by the Farmers Home Administration have varied greatly in amount. The applications now pending average about \$425,000 each. Most applications have included requests for funds to purchase land easements or rights-of-way and pay legal fees and organization costs. The larger loan requests have also included funds to pay the local organizations' share of the installation costs of drainage channels, municipal water storage, irrigation works, recreational facilities, natural beauty, and other multiple-purpose improvements.

RESOURCE CONSERVATION AND DEVELOPMENT LOANS (sec. 102-P.L. 87-703).

Number and amount of loans: The following table shows the number and amount of resource conservation and development loans made in fiscal year 1974 and estimates for such loans for fiscal year 1975.

	<u>Fiscal Year 1974</u>		<u>Fiscal Year 1975 (Est.)</u>	
	<u>Number</u>	<u>Amount</u> (thousands)	<u>Number</u>	<u>Amount</u> (thousands)
<u>Resource conservation and development loans</u>				
Initial	11	\$918.2	32	\$3,200.0
Subsequent	8	169.6	6	400.0
Total	<u>19</u>	<u>1,087.8</u>	<u>38</u>	<u>3,600.0</u>

Rural Development Insurance Fund

(a) Reimbursement for Losses

Appropriation Act, 1975	\$17,446,000
Budget Estimate, 1976	<u>25,214,000</u>
Increase in Appropriation	<u>+7,768,000</u>

This appropriation is proposed to reimburse the Rural Development Insurance Fund for funded losses incurred in fiscal year 1974. An analysis by loan type of the accrued operating deficit, exclusive of unfunded losses, is shown in the following table. In accordance with the accounting principles and standards followed by FmHA, this schedule is prepared on an accrual basis.

Rural Development Insurance Fund

Operating Income and Expense Statement
(Dollars in Thousands)

	Income			Expense			Net Total
	Interest	Other	Total	Interest	Write- Off	Other		Total
1974 Actual							
Loans:							
Community Facilities:							
Water and waste loans	\$18,990	\$ 26	\$19,016	\$43,226	\$ 3	\$1,018	\$44,247
Community Facilities:							
Other than water and waste loans	17	-	17	-	-	-	-
Business & Industrial Loans	-	-	-	-	-	-	-
TOTAL	19,007	26	19,033	43,226	3	1,018	44,247
1975 Estimate							
Loans:							
Community Facilities:							
Water and waste loans	39,964	25	39,989	88,095	6	37	88,138
Community Facilities:							
Other than water and waste loans	36	-	36	-	-	-	-
Business & Industrial Loans	-	-	-	-	-	-	-
TOTAL	40,000	25	40,025	88,095	6	37	88,138
1976 Estimate							
Loans:							
Community Facilities:							
Water and waste loans	76,132	20	76,152	158,707	6	37	158,750
Community Facilities:							
Other than water and waste loans	68	-	68	-	-	-	-
Business & Industrial Loans	-	-	-	-	-	-	-
TOTAL	76,200	20	76,220	158,707	6	37	158,750

The following schedule summarizes the change in the cash position of the fund:

	1974 Actual	1975 Estimated	1976 Estimated
	(-----Dollars in thousands-----)		
Cash balance, beginning of year	<u>\$149,567</u>	<u>\$10,920</u>	<u>\$131,866</u>
Funds for program operations:			
Funds received:			
Repayments on loans	4,756	11,000	22,500
Payment of interest on loans	13,684	28,800	54,000
Sale of certificates of beneficial ownership	199,232	710,251	688,520
Sale of loans	28,200	20,000	-
Collections received for investors ..	60,139	40,000	35,000
Insurance premiums	34	27	21
Other receipts	<u>1,947</u>	<u>4,753</u>	<u>5,725</u>
Total funds received	<u>307,991</u>	<u>814,831</u>	<u>805,766</u>
Funds expended:			
Loans made by the fund	-263,212	-550,000	-680,000
Loans purchased from investors	-109,857	-74,995	-49,995
Collections disbursed to investors ..	-42,258	-38,266	-33,006
Interest on certificates of beneficial ownership	-	-15,000	-85,000
Interest on borrowings from Treasury	-16,130	-10,000	-12,000
Interest on withheld collections	33	-15	-15
Premium interest paid investors	-19,770	-18,205	-16,850
Insured loan sales expense	-1,140	-	-
Other expense	<u>-4,305</u>	<u>-4,850</u>	<u>-3,900</u>
Total funds expended	<u>-456,638</u>	<u>-711,331</u>	<u>-880,766</u>
Outlays ^{a/}	<u>-148,647</u>	<u>103,500</u>	<u>-75,000</u>
Funds for financing:			
Appropriation for reimbursement of losses	-	17,446	25,214
Borrowings from Treasury	<u>10,000</u>	<u>-</u>	<u>-</u>
Net financing	<u>10,000</u>	<u>17,446</u>	<u>25,214</u>
Cash balance, end of year	<u>10,920</u>	<u>131,866</u>	<u>82,080</u>

^{a/} A negative amount represents expenditures in excess of receipts. A positive amount represents receipts in excess of expenditures.

As of June 30, 1974, the unpaid principal balance of insured loans held by investors totaled \$763.0 million. The projected liability for premium interest on these loans held by investors through the end of the holding period is estimated to be \$170.9 million.

(b) Loan Levels

	1974 Actual	1975 Estimated	Change 1976 over 1975	1976 Estimated
	(-----Dollars in thousands-----)			
Rural Development Assistance:				
Water and waste disposal loans:				
Water supply	\$326,595	\$326,600	\$-48,600(1)	\$278,000
Sewage disposal, collection and treatment	137,708	137,700	-20,500(1)	117,200
Solid waste disposal	<u>5,694</u>	<u>5,700</u>	<u>- 900(1)</u>	<u>4,800</u>
Subtotal, water and waste disposal loans	<u>469,997^{1/}</u>	<u>470,000</u>	<u>-70,000</u>	<u>400,000</u>
Community facility loans	<u>49,831</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Business & Industrial loans ..	<u>199,981</u>	<u>350,000</u>	<u>-50,000(2)</u>	<u>300,000</u>
Total	<u>719,810^{1/}</u>	<u>1,020,000</u>	<u>-120,000</u>	<u>900,000</u>

^{1/} Totals do not add owing to rounding.

EXPLANATION OF PROGRAM

The Rural Development Act of 1972 authorized the establishment of the Rural Development Insurance Fund under section 309A of the Consolidated Farm and Rural Development Act. This Act provided for transfer to the Rural Development Insurance Fund the assets and liabilities of the Agricultural Credit Insurance Fund applicable to loans for water systems and waste disposal facilities. This fund is used to insure or guarantee loans related to water and waste disposal facilities, the development of rural business, community facilities, pollution abatement, and economic development in rural areas.

1. Water and waste disposal systems loans. Loans are made to organizations including certain Indian tribes and corporations not operated for profit, and public and quasi-public agencies, for the development, storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas. Applicants must be unable to obtain sufficient credit elsewhere to finance actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which applicants are located for loans for similar purposes and periods of time. Loans are repayable in not more than 40 years and bear interest at a 5 percent rate.
2. Community facility loans. Loans are made to organizations, including certain Indian tribes and corporations not operated for profit, and public and quasi-public agencies, to construct, enlarge, extend, or otherwise improve community facilities providing essential services to rural residents. Such facilities include those providing or supporting overall community development such as fire and rescue services, health care, transportation, traffic control, and community, social, cultural, and recreational benefits. Loans are made for facilities which primarily serve rural residents of open country and rural towns and villages of not more than 10,000 population.

Applicants must be unable to obtain sufficient credit elsewhere to finance actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which applicants are located for loans for similar purposes and periods of time. Loans are repayable in not more than 40 years and bear interest at a 5 percent rate.

3. Business and industrial development loans. These loans are made to public, private, or cooperative organizations organized for profit or nonprofit, to certain Indian tribes, or to individuals for the purpose of improving, developing, or financing business, industry, and employment, or improving the economic and environmental climate in rural areas. Such purposes include financing business and industrial acquisition, construction, enlargement, repair or modernization; financing the purchase and development of land, easements, rights-of-way, buildings, equipment, facilities, leases, machinery, supplies and materials; and payment of start-up costs and supplying working capital. Industrial development loans may be made in any area that is not within the outer boundary of any city having a population of 50,000 or more and its immediately adjacent urbanized and urbanizing areas with a population density of more than 100 persons per square mile. Special consideration for such loans is given to areas other than cities having a population of more than 25,000.

To obtain a loan, a borrower must have the legal capacity necessary for constructing, operating, and maintaining the proposed facility and for obtaining, securing, and repaying the loan. A borrower must be financially sound and so organized and managed that efficient service will be provided. Insured loans for industrial development are repayable in not more than 30 years at an interest rate based on the average rate paid by the U. S. Treasury on obligations of similar maturity. Guaranteed loan interest rates are mutually determined by the borrowers and lender.

JUSTIFICATION OF DECREASES

A decrease of \$120,000,000 for rural development loans as follows:

(1) A decrease of \$70,000,000 is estimated for water and waste disposal loans (\$470,000,000 available in 1975). The agency has met the need of a large number of communities that can afford systems on a loan-only basis. A higher percentage of the present applicant communities have limited repayment ability and cannot finance larger projects with just loan funds. Financial assistance will be provided to these communities through higher levels of water and waste disposal grants in 1975 and 1976.

The \$400 million program for water and waste disposal loans in fiscal year 1976 is expected to serve numbers of families comparable to that financed by the \$470 million program in 1975, since FmHA will emphasize extensions of existing systems which already have the basic supply, treatment, and transmission facilities. This will reduce the required loan amount per user.

(2) A decrease of \$50,000,000 is estimated for business and industrial loans (\$350,000,000 available in 1975). A reduction in funds needed for business and industrial loans for fiscal year 1976 is expected owing to current economic conditions. Many firms are suspending planned expansions in the expectation that conditions for capital in investment will improve. Although we expect applications involving requests for restructuring short-term debts to increase, it is not expected that these will fully replace those ordinarily anticipated for industrial plant expansion.

TRANSITION BUDGET

Rural Development Insurance Fund

Transition Budget Estimate \$225,000,000

Loan Levels

Rural development assistance:

Water and waste disposal loans:

Water supply	\$70,000,000
Sewage disposal, collection and treatment	29,000,000
Solid waste disposal	<u>1,000,000</u>
Subtotal, water and waste disposal loans	<u>100,000,000</u>
Community facility loans	50,000,000
Business and industrial loans	<u>75,000,000</u>
	<u>\$225,000,000</u>

JUSTIFICATION OF TRANSITION BUDGET ESTIMATE

The funds requested represent one-fourth of the budget estimate for fiscal year 1976.

STATUS OF PROGRAM

The Appropriation Act for 1975 provided for loans to be insured from the Rural Development Insurance Fund totaling \$1,020,000,000, including \$470,000,000 for loans for water systems and waste disposal facilities, \$200,000,000 for loans for community facilities and \$350,000,000 for loans for industrial development.

Number and amount of loans: The following table shows the number and amount of loans made in fiscal year 1974 and estimates for fiscal year 1975.

	<u>Fiscal Year 1974</u>		<u>Fiscal Year 1975 (Est.)</u>	
	<u>Number</u>	<u>Amount</u> (millions)	<u>Number</u>	<u>Amount</u> (millions)
<u>Water and Waste Disposal</u>				
<u>Systems (sec. 306)</u>				
Initial	547	\$288.4	622	\$330.0
Subsequent	779	181.6	840	140.0
Subtotal	<u>1,326</u>	<u>470.0</u>	<u>1,462</u>	<u>470.0</u>
<u>Community Facility (sec. 306)</u>				
Initial	96	48.7	373	184.0
Subsequent	6	1.1	90	16.0
Subtotal	<u>102</u>	<u>49.8</u>	<u>463</u>	<u>200.0</u>
<u>Industrial Development</u>				
<u>(sec. 310B)</u>				
Initial	391	198.6	669	332.5
Subsequent	8	1.4	115	17.5
Subtotal	<u>399</u>	<u>200.0</u>	<u>784</u>	<u>350.0</u>
Total	<u>1,827</u>	<u>719.8</u>	<u>2,709</u>	<u>1,020.0</u>

Rural Development Grants

Appropriation Act, 1975	\$13,750,000
Budget Estimates, 1976	10,000,000
Decrease in Appropriation	<u>- 3,750,000</u>

PROJECT STATEMENT
(On basis of Appropriation)

Project	1974	1975 (estimated)	Decrease	1976 (estimated)
Business and industrial development grants ...	\$9,996,700	\$10,000,000	---	\$10,000,000
Unobligated balance lapsing	3,300	---	---	---
Proposed rescission	---	3,750,000 ^{a/}	\$-3,750,000	---
Total appropriation	10,000,000	13,750,000	-3,750,000(1)	10,000,000

a/ A request has been submitted to the Congress to rescind \$3,750,000 (No. R75-51)

EXPLANATION OF PROGRAM

Section 310B(c) of the Consolidated Farm and Rural Development Act, as amended, authorizes grants to be made to public bodies for measures designed to facilitate development of private business enterprises, including the development, construction or acquisition of land, buildings, plants, equipment, access streets and roads, parking areas, utility extensions, necessary water supply and waste disposal facilities, refinancing, services and fees. These grants may be made in connection with business and industrial loans made under the Rural Development Insurance Fund.

It is estimated that 140 grants totaling \$10,000,000 will be made in 1975 and 124 grants totaling \$10,000,000 will be made in 1976. Present regulations limit these grants to public bodies for the development of industrial sites.

JUSTIFICATION OF DECREASE

1) Rescission of \$3,750,000 of the annual appropriation for rural development grants is one of the special actions proposed by the President to restrain 1975 budget outlays.

The Rescission of \$3,750,000 is being requested owing to the presently reduced demand for capital expansion in rural communities. In addition, loan funds are available for this purpose at reasonable interest rates and terms through the FmHA's business and industrial and community facility loan programs. Further, the higher funding level for the water and waste development grant program is making funds available for extension of water and waste facilities to rural industrial areas.

TRANSITION BUDGET

Rural Development Grants

Transition Budget Estimate\$2,500,000

JUSTIFICATION OF TRANSITION BUDGET ESTIMATE

The requested funds, which represent one-fourth of the budget estimate for fiscal year 1976, will be used to cover program costs during the transition period July 1 - September 30, 1976.

STATUS OF PROGRAM

Rural Development Grants (sec. 310B)

The Agriculture-Environmental and Consumer Protection Appropriation Act, 1975, appropriated \$13,750,000 to the Office of the Secretary for Rural Development Grants. Subsequently, the Secretary delegated authority for administering this fund to the Farmers Home Administration. A request has been submitted to the Congress to rescind \$3,750,000 of the amount appropriated.

In fiscal year 1974, 136 rural development grants totaling \$9,996,700 were made to public bodies for industrial parks and related facilities. It is estimated that 140 grants totaling \$10,000,000 will be made in fiscal year 1975 and 124 grants totaling \$10,000,000 will be made in fiscal year 1976.

Rural Water and Waste Disposal Grants

Appropriation Act, 1975	\$ 30,000,000
Budget Estimate, 1976	<u>150,000,000</u>
Increase in Appropriation	<u>+120,000,000</u>

PROJECT STATEMENT
(On basis of Appropriation)

Project	1974	1975 (estimated)	Increases or Decreases	1976 (estimated)
Development grants:				
Water supply	\$19,736,200:	\$96,200,000:	- -	:\$96,200,000
Sewage collection and treatment	4,027,100:	51,800,000:	- -	: 51,800,000
Solid waste disposal	- -	2,000,000:	- -	: 2,000,000
Total obligations	23,763,300:	150,000,000:	- -	:150,000,000
Unobligated balance, net ...	126,236,700:	- -	- -	: - -
Unobligated balance brought forward	-120,000,000:-	-120,000,000:	+120,000,000	: - -
Total appropriation	30,000,000:	30,000,000:	+120,000,000(1)	:150,000,000

The preceding tabulation is based on amounts included in appropriation acts. The following tabulation shows estimated obligations on an available funds basis, including balances brought forward from prior years.

PROJECT STATEMENT
(On basis of obligations under available funds)

Project	1974	1975 (estimated)	Increases or Decreases	1976 (estimated)
Development grants:				
Water supply.....	\$19,736,200:	\$100,665,155:	-\$ 4,465,155	:\$96,200,000
Sewage collection and treatment.....	4,027,100:	54,204,300:	-2,404,300	: 51,800,000
Solid waste disposal.....	- -	2,000,000:	- -	: 2,000,000
Total obligations.....	23,763,300:	156,869,455:	-6,869,455	:150,000,000
Recovery of prior-year obligations.....	-408,190:	- -	- -	: - -
Unobligated balance brought forward.....	-120,304,165:-	-126,869,455:	+126,869,455	: - -
Unobligated balance lapsing	79,600:	- -	- -	: - -
Unobligated balance carried forward.....	126,869,455:	- -	- -	: - -
Total appropriation.....	30,000,000:	30,000,000:	+120,000,000(1)	:150,000,000

EXPLANATION OF PROGRAM

Section 306 of the Consolidated Farm and Rural Development Act provides appropriation authority for grants for the development costs of water and waste disposal projects in rural areas. Grants made under this authority may not aggregate more than \$300 million in any fiscal year.

1. Eligibility of applicants: Development grants may be made to associations including corporations operating on a nonprofit basis, municipalities, public authorities, districts, certain Indian tribes, and similar organizations, generally designated as public or quasi-public agencies, that propose projects for development, storage, treatment, purification, or distribution of domestic water or the collection, treatment, or disposal of waste in rural areas. Grants may be made to assist eligible applicants to pay for part of the development cost of such projects if grants are necessary to reduce user charges to a reasonable level. Combined loans and grants may be made when the applicant is able to repay part, but not all, of the project costs.

Grants also may be made to supplement other funds borrowed or furnished by applicants to pay development costs. An eligible project must serve a rural area which, if such project is carried out, is not likely to decline in population below that for which the project was designed, must be designed and constructed so that adequate capacity will be or can be made available to serve the present population of the area to the extent feasible and also serve the reasonable foreseeable growth needs of the area, and must be consistent with comprehensive community water, waste disposal or other development plans for the rural area. Applications for loans and grants for water and waste disposal systems must be reviewed for comment by the officially designated agency and the local, county, or municipal government in which the proposed project is to be located.

2. Limits: Water and waste disposal development grants may not exceed 50 percent of the development cost of the project. The development cost may include the cost of construction of the proposed facility, including rights-of-way and land rights, water rights, engineering fees, legal fees, and administrative costs in connection with construction and acquisition, and interest during the development period on any funds borrowed to perform such development.

JUSTIFICATION OF INCREASE

- (1) An increase of \$120,000,000 in appropriations for water and waste disposal grants (\$30,000,000 appropriated in 1975).

The increase of \$120,000,000 in appropriated funds would not result in an increased spending level for 1976 over 1975, since funds for the obligations level of \$156,869,455 for 1975 would be derived from a \$126,869,455 carryover of unobligated funds and a \$30,000,000 appropriation. The estimated spending level for 1976 of \$150,000,000 is \$6,869,455 less than 1975, as there is no expected carryover of 1975 funds.

The demand for water and waste disposal grants as measured by applications on hand is remaining strong. The agency has met the needs of a high percentage of eligible communities that can afford to make needed improvements on a loan-only basis. A higher percentage of eligible communities have limited repayment ability and need a larger part of their financing as grants in order to develop feasible projects. The fiscal year 1975 grant level is more than 600 percent of the 1974 level and is projected to remain at this same level through fiscal year 1976.

TRANSITION BUDGET

Rural Water and Waste Disposal Grants

Transition Budget Estimate \$37,500,000

JUSTIFICATION OF TRANSITION BUDGET ESTIMATE

The funds requested represent one-fourth of the budget estimate for fiscal year 1976.

STATUS OF PROGRAM

Rural Water and Waste Disposal Grants

Grants for the Preparation of Comprehensive Plans for the Development of Water and Waste Disposal Systems in Rural Areas (sec. 306).

Owing to the greater need among rural communities for development funds, it is not planned to reinstate this program at the present time in order to make all funds available as development grants.

Grants for Water and Waste Disposal Development Costs (sec. 306).

In fiscal year 1974, 241 development grants were made totaling \$23,763,300. In fiscal year 1975, it is estimated that about 875 grants will be made totaling \$156,869,455 and that 750 grants totaling \$150,000,000 will be made in fiscal year 1976.

Rural Housing for Domestic Farm Labor

Appropriation Act, 1975	\$5,000,000
Budget Estimate, 1976	- -
Decrease in Appropriation	<u>-5,000,000</u>

PROJECT STATEMENT
(On basis of appropriation)

Project	1974	1975 (estimated)	Decreases	1976 (estimated)
Financial assistance for low-rent domestic farm labor housing:				
Build/purchase new	\$9,303,405	\$4,614,450	-\$4,614,450	- -
Repair	777,325	385,550	-385,550	- -
Unobligated balance, net ..	-2,580,730	- -	- -	- -
Total appropriation	7,500,000	5,000,000	-5,000,000(1)	- -

The preceding tabulation is based on amounts included in appropriation Acts.
The following tabulation shows estimated obligations on available funds basis,
including balances brought forward from prior years.

PROJECT STATEMENT
(On basis of obligations under available funds)

Project	1974	1975 (estimated)	Increases or Decreases	1976 (estimated)
Financial assistance for low- rent domestic farm labor housing.				
Build/purchase new.....	\$9,303,405	\$4,614,454	-\$4,614,454	- -
Repair.....	777,325	385,550	-385,550	- -
Unobligated balance brought forward:				
Build/purchase new.....	-2,381,734	- 4	+ 4	- -
Repair.....	-199,000	- -	- -	- -
Unobligated balance carried forward:				
Build/purchase new.....	4	- -	- -	- -
Repair.....	- -	- -	- -	- -
Total appropriation.....	7,500,000	5,000,000	-5,000,000 (1)	- -

EXPLANATION OF PROGRAM

Under section 516 of the Housing Act of 1949, FmHA is authorized to share with States or other political subdivisions, public or broadbased private nonprofit organizations incorporated within a State, or nonprofit organizations of farmworkers, the cost of providing low-rent housing, basic household furnishings, and related facilities to be used by domestic farm laborers. Such housing may consist of family units, apartments or dormitory-type units and must be the most practical type, constructed in an economical manner, and not of elaborate or extravagant design or materials. Grant assistance not to exceed 90 percent of the total development cost is authorized. Applicants furnish as much of the development cost as they can afford by using their own resources or by borrowing either directly from private sources or obtaining an insured loan under section 514 of the Housing Act of 1949. Much of the balance of the cost may be extended under this authority. The applicant must agree to charge rentals not exceeding amounts approved by the Secretary, to maintain the housing at all times in a safe and sanitary condition, and to give occupancy preference to domestic farm laborers.

The obligations incurred by the applicant as a condition of the grant continue for 50 years from the date of the grant unless sooner terminated by the Farmers Home Administration. Grant obligations are secured by a mortgage on the housing or other security. In the event of default, the Farmers Home Administration has the option to require repayment of the grant.

JUSTIFICATION OF DECREASE

(1) A decrease of \$5,000,000 in the appropriation for grants to provide housing for domestic farm labor (\$5,000,000 available in 1975).

Each year, more farmworker families cease to be migrants and settle in a community, even though they continue to do seasonal farm labor. Such families need permanent housing and many are becoming homeowners through other housing programs. The 1 percent labor housing loan program, with a grant provision of up to 90 percent of the development cost for organizations, results in very high Federal outlays relative to the number of persons benefitted. No funds are requested in 1976 because it is believed that other programs can more effectively provide farm labor housing, and farm income is expected to remain high and thus reduce the need for this program.

STATUS OF PROGRAM

Rural Housing for Domestic Farm Labor (sec. 516)

Eleven grants totaling \$10,080,730 were made in fiscal year 1974. It is estimated that grants in fiscal year 1975 will amount to \$5,000,000.

Mutual and Self-Help Housing

Appropriation Act, 1975	\$5,000,000
Budget Estimate, 1976	- -
Decrease in Appropriation	<u>-5,000,000</u>

PROJECT STATEMENT
(On basis of appropriation)

Project	1974	1975 (estimated)	Decrease	1976 (estimated)
Financial assistance for				
technical and supervisory:				
assistance for mutual and:				
self-help housing	\$3,831,610	\$5,000,000	-\$5,000,000	- -
Unobligated balance, net .	168,390	- -	- -	- -
Total appropriation	4,000,000	5,000,000	-5,000,000(1)	- -

The preceding tabulation is based on amounts included in appropriation acts.
The following tabulation shows estimated obligations on an available funds basis,
including balances brought forward from prior years.

PROJECT STATEMENT
(On basis of obligations under available funds)

Project	1974	1975 (estimated)	Increases or Decreases	1976 (estimated)
Financial assistance for				
technical and supervisory:				
assistance for mutual and:				
self-help housing	\$3,831,610	\$6,212,348	-\$6,212,348	- -
Unobligated balance brought:				
forward	-832,679	-1,212,348	+1,212,348	- -
Recovery of prior-year				
obligations	-211,279	- -	- -	- -
Unobligated balance carried:				
forward	1,212,348	- -	- -	- -
Total appropriation	4,000,000	5,000,000	-5,000,000(1)	- -

EXPLANATION OF PROGRAM

This grant program was authorized by Public Law 90-448, approved August 1, 1968. Grants are made to local organizations to promote the development of mutual or self-help housing programs under which groups of usually six to ten families build their own homes by mutually exchanging labor. Funds may be used to pay the cost of construction supervisors who will work with families to guide them in the construction of their homes and for administrative expenses of the organizations providing the self-help assistance.

JUSTIFICATION OF DECREASE

(1) A decrease of \$5,000,000 in the appropriation for grants to provide technical assistance for self-help housing (\$5,000,000 available in 1975).

Between the inception of the program in fiscal year 1971 and the end of fiscal year 1974, about \$11 million has been obligated for 77 grants. The program, however, has had several problems. Most grantees have been unable to assist the number of families planned and the resulting grant cost per house has been much higher than expected. Grantees have been unable to find sufficient numbers of eligible families who are willing and able to participate in a self-help housing building program. They have also had problems in finding suitable building sites.

STATUS OF PROGRAM

Mutual and Self-Help Housing (sec. 523)

The following reflects the number of grants made and the total amount of these grants since 1971, the first year of this program:

<u>Fiscal Year</u>	<u>Number of Grants</u>	<u>Total Amount</u>
1971	15	\$1,720,960
1972	9	1,617,910
1973	24	3,728,451
1974	29	3,831,610
1975 (est.)	35	5,000,000

Self-Help Housing Land Development Fund

The following tabulation shows estimated obligations on an available funds basis, including balances brought forward from prior years.

PROJECT STATEMENT

(On basis of obligations under available funds)

Project	1974	1975 (estimated)	Increases or Decreases	1976 (estimated)
Mutual & self-help housing site loans	\$300,900	\$900,000	-\$900,000	- -
Unobligated balance brought forward	-1,818,659	-1,596,865	+787,000	-\$809,865
Receipts	-79,106	-113,000	+13,000	-100,000
Unobligated balance carried forward	1,596,865	809,865	+100,000	909,865
Total appropriation	- -	- -	- -	- -

EXPLANATION OF PROGRAM

This fund was authorized by Public Law 90-448, approved August 1, 1968. It is used as a revolving fund for making loans to public or private nonprofit organizations for the acquisition and development of land as building sites to be subdivided and sold to eligible families, nonprofit organizations, and cooperatives. It is estimated that 6 loans for \$900 thousand will be made in fiscal year 1975.

No program is planned for 1976 since the subsidy costs of the associated loans together with the self-help housing technical assistance grants have resulted in high unit costs to the Government without corresponding benefits to those aided.

STATUS OF PROGRAM

Self-Help Housing Land Development Fund

The Supplemental Appropriation Act, 1969 (Public Law 90-608), approved October 21, 1968, included an initial appropriation of \$600,000 for this fund. The Department of Agriculture and Related Agencies Appropriation Acts for 1970 and for 1971 provided additional appropriations of \$1,000,000 and \$400,000 respectively, which remain available until expended. In fiscal year 1974, two loans were obligated for \$301,000. It is anticipated that 6 loans totaling \$900,000 will be made in fiscal year 1975, averaging about \$150,000 each, from prior-year appropriations.



Salaries and Expenses

	<u>Appropriation</u>	<u>Transfer from Rural Housing Insurance Fund</u>	<u>Transfer from Loan Funds for Temporary Field Employment</u>	<u>Total Salaries and Expenses</u>
Appropriation Act, 1975..	\$127,902,000	\$3,000,000	\$500,000	\$131,402,000
Budget Estimate, 1976....	<u>142,850,000</u>	<u>3,000,000</u>	<u>500,000</u>	<u>146,350,000</u>
Increase in appropriation	<u>14,948,000</u>	<u>- -</u>	<u>- -</u>	<u>14,948,000</u>
Adjustment in 1975:				
Appropriation				
Act, 1975.....	\$127,902,000	\$3,000,000	\$500,000	\$131,402,000
1975 Supplemental				
Appropriation for				
pay costs.....	<u>+4,123,000</u>	<u>- -</u>	<u>- -</u>	<u>+4,123,000</u>
Adjusted base				
for 1976.....	132,025,000	3,000,000	500,000	135,525,000
Budget estimate, 1976....	<u>142,850,000</u>	<u>3,000,000</u>	<u>500,000</u>	<u>146,350,000</u>
Increase over adjusted				
1975... ..	<u>+10,825,000</u>	<u>- -</u>	<u>- -</u>	<u>+10,825,000</u>

SUMMARY OF INCREASES

(On basis of adjusted appropriation)

	<u>1975</u>	<u>Increases</u>	<u>1976 Estimate</u>
Administration of grant			
and direct and insured loan			
programs.....	\$125,222,000	+\$7,340,000	\$132,562,000
GSA space rental costs.....	3,840,000	+903,000	4,743,000
Annualization of the pay			
cost increase effective			
in FY 1975.....	4,123,000	+1,802,000	5,925,000
Annualization of FY 1975 items			
of increase	<u>2,340,000</u>	<u>+780,000</u>	<u>3,120,000</u>
Total available.....	<u>135,525,000</u>	<u>+10,825,000</u>	<u>146,350,000</u>

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1974	1975	Increases	1976 (estimated)
Low-income housing assistance	\$35,078,926	\$45,905,000	\$7,684,000	\$53,589,000
Moderate income housing assistance.....	33,122,671	33,543,000	2,444,000	35,987,000
Loans for family-sized farms and larger than family-sized farms.....	46,622,044	47,092,000	375,000	47,467,000
Loans for associations or groups.....	656,135	759,000	16,000	775,000
Rural development assistance	6,026,722	8,226,000	306,000	8,532,000
Total administration of grant and direct and insured loan programs.....	121,506,498	135,525,000	+10,825,000	146,350,000
Unobligated balance.....	485,980	- -	- -	- -
Total available or estimate..	121,992,478	135,525,000	+10,825,000 (1)	146,350,000
Transfer to GSA.....	+107,522	- -	- -	- -
Transfer from "Rural Housing Insurance Fund".....	-750,000	-3,000,000	-	-
Transfer from "Agriculture Credit Insurance Fund".....	-500,000	-500,000	-	-
Total Appropriation.....	120,850,000	132,025,000	-	-

EXPLANATION OF PROGRAM

Funds appropriated to this account are used to administer the various loan and grant programs of the Farmers Home Administration, with the exception of Emergency, Watershed, Flood, and Resource Conservation and Development loans. Administration of the programs includes the reviewing of applications, making and collecting loans, and extending technical assistance to borrowers.

In addition, other funds are made available from the Agricultural Credit Insurance Fund to service the unpredictable needs of the Emergency Program. An annual allotment is received from the Soil Conservation Service to cover the costs of administering Watershed, Flood, and Resource Conservation and Development loans.

JUSTIFICATION OF INCREASES

(1) An increase of \$10,825,000 for the administration of grant and direct and insured loan programs consisting of:

(a) An increase of \$903,000 for GSA space rental costs.

Under current procedure the Farmers Home Administration is required to budget for the cost of agency-occupied, GSA-controlled space. The 1975 Appropriation Act limited the Department to paying 90 percent of the standard level user charge used in computing the 1975 request. For FY 1976 the Budget reflects 100 percent funding for the estimated billings provided by the General Services Administration.

(b) An increase of \$1,802,000 for annualization of the pay cost increase effective in FY 1975.

The pay increase approved in FY 1975 became effective October 13, 1974, and is funded in FY 1975 for only 186 compensable days. The requested increase will provide for 76 additional compensable days in FY 1976.

(c) An increase of \$780,000 to annualize FY 1975 items of increase.

The Department's 1975 Budget was enacted in December 1974. Since over

one-fourth of the fiscal year had passed prior to enactment, the Congress approved the request for increases in the administration of grant and direct and insured loan programs and expert and consultant fees, but reduced the 1975 funding by one-fourth. In FY 1976 this program will require full-year funding; therefore, we are requesting this increase to annualize the level approved in 1975.

(d) An increase of \$5,815,000 to maintain an adequate level of administration and service.

This increase would provide for salaries, benefits, and related costs for 100 full-time permanent and 300 part-time employees needed to maintain service levels and to protect the Government's financial interests; and for increases in costs of utilities, printing and supplies necessary in administering and servicing the agency's program.

(e) An increase of \$1,225,000 to upgrade certain personnel in State, District and County offices.

Need for Increase: The duties of key field personnel are becoming more demanding and varied as FmHA programs increase in size and complexity. Maintenance of quality service depends on retention of experienced personnel. The following increases are requested to ensure this and to provide fair compensation:

- (1) \$65 thousand to reclassify all office management assistants to GS-8 as approved by the Civil Service Commission. The positions are currently GS-7's.
- (2) \$315 thousand to promote County Supervisors with the heaviest and most complex workloads from GS-11 to GS-12 as approved by the Civil Service Commission. It is anticipated that this will involve 200 County Supervisors.
- (3) \$385 thousand to promote District Directors to GS-13 as approved by the Civil Service Commission.
- (4) \$460 thousand to increase the per diem of County Committeemen to \$12. The Committeemen have been receiving only \$7 per diem for over 10 years.

(f) An increase of \$300,000 to increase the travel allowance for County Committeemen.

Need for Increase: The County Committeemen have been serving FmHA and its borrowers for more than ten years at rates below those generally used for fair compensation of mileage. The current and proposed mileage allowances are shown below:

<u>One-way Mileage from Residence to Meeting Place</u>	<u>Present Allowance</u>	<u>Proposed Allowance</u>
25 or less	\$3	\$6
26 - 50	5	9
51 and over	7	12

TRANSITION BUDGET

Salaries and Expenses

Transition Budget Estimate..... \$37,903,000^{a/}

a/ This amount includes \$37,028,000 in direct appropriation; a \$750,000 transfer from the Rural Housing Insurance Fund; and a \$125,000 transfer from the Agricultural Credit Insurance Fund.

JUSTIFICATION OF TRANSITION BUDGET ESTIMATE

The funds requested represent one-fourth of the budget estimate for FY 1976 plus the following additional items required for this period of operation:

One additional day above the normal for the period.....	\$550,000
Additional salaries and benefits for summer employment needs.....	606,000
Increased travel needs identified with the summer season.....	135,000
Seasonal requirement for overtime above the quarterly average for the agency.....	25,000

Rural Community Fire Protection Grants

Appropriation Act, 1975	\$3,500,000
Budget Estimate, 1976	- -
Decrease in Appropriation	<u>-3,500,000</u>

PROJECT STATEMENT

(On basis of adjusted appropriation)

Project	:	1974	:	1975	:	Decrease	:	1976
	:		:	(estimated)	:		:	(estimated)
Rural community fire protection grants	:	- -	:	- -	:	- -	:	- -
Proposed rescission	:	- -	:	\$3,500,000 ^{a/}	:	-\$3,500,000	:	- -
Total appropriation	:	- -	:	3,500,000	:	- 3,500,000(1)	:	- -

^{a/} A request has been submitted to the Congress to rescind \$3,500,000 (No. 75-52).

EXPLANATION OF PROGRAM

This assistance was authorized by section 404 of the Rural Development Act of 1972, as amended. Grants are authorized to public bodies for up to 50% of the cost of organizing, training, and equipping rural volunteer fire departments.

JUSTIFICATION OF DECREASE

(1) Rescission of the \$3,500,000 appropriated for rural community fire protection grants is one of the special actions proposed by the President to restrain 1975 budget outlays.

This program, authorized under the Rural Development Act of 1972, would provide fire fighting equipment and funds for organizing and training of personnel to rural communities to assist in fire control. Procurement of equipment is a low priority in investment capital in view of the number of people benefitting from the program. In addition, adequate credit assistance to provide this equipment is available at reasonable interest rates and terms through the community facilities loan program.

STATUS OF PROGRAM

Economic Opportunity Loan Fund

The Economic Opportunity Act of 1964 (Public Law 88-452), approved August 20, 1964, authorized two new loan programs aimed at helping poor rural families improve their income through their own enterprise.

1. A small loan program which provided up to \$2,500 (later raised to \$3,500) to low-income farmers or other eligible applicants living in rural areas to enable them to undertake small enterprises to increase income.
2. A loan program for cooperatives composed of poor farm and other rural families to enable them to organize and operate small cooperative enterprises that add to their earnings, conserve income, and improve living conditions.

The programs began in 1965 and were operative through fiscal year 1971. A total of 64,600 loans to individuals were made aggregating \$109.3 million. A total of 1,476 loans were made to cooperatives for \$21.1 million.

As of June 30, 1974, a total of 16,656 individual borrowers had outstanding loans of \$20.5 million, principal payments were \$69.6 million, write-offs were \$18.8 million and judgments were \$.2 million. Interest payments totaled \$14.2 million and interest write-offs were \$2.0 million. Evaluations of the program revealed that these small loans were not effective in improving the earning capacity of the recipients and the Government discontinued making new loans in 1971.

As of June 30, 1974, a total of 367 cooperatives had outstanding loans of \$13.0 million, principal payments were \$6.5 million and write-offs were \$.8 million. Interest payments totaled \$3.3 million.

SOIL CONSERVATION SERVICE

Purpose Statement

The Soil Conservation Service was established by the Act of April 27, 1935, (16 U.S.C. 590a-590f). It assists conservation districts, communities, watershed groups, federal and state agencies and other cooperators with erosion control and water management problems and in bringing about needed physical adjustments in land use. The purpose is to conserve soil and water resources, improve agriculture and reduce damage caused by floods and sedimentation.

The Soil Conservation Service has general responsibility for administration of the following Departmental programs:

Conservation Operations Program provides technical assistance to land owners and operators in accomplishing locally-adapted soil and water conservation programs, primarily through conservation districts in the 50 states, Puerto Rico, and the Virgin Islands. As of June 30, 1974, about 3,000 conservation districts cover 97% of the nation's farm and ranch land area. Activities include:

1. Soil surveys are made as an inventory of a basic resource and to determine land capabilities and conservation treatment needs. Soil survey publications include interpretations useful to cooperators, other federal agencies, state and local organizations;
2. Technical assistance to district cooperators and other landowners in the development of plans and application of conservation treatments, and the conduct of snow surveys to develop stream-flow forecasts in Western states; and
3. Operation of plant material centers to assemble, test, and encourage increased use of plant species which show promise for use in conservation problem areas.

River Basin Surveys and Investigations Program involves cooperation with other federal, state and local agencies in the conduct of river basin surveys and investigations in order to aid in the development of coordinated water resource programs including the development of guiding principles and procedures. SCS represents the Department on the Water Resources Council, river basin commissions and river basin interagency committees for coordination among federal departments and states.

Watershed Planning Program consists of (a) making preliminary investigations to assess proposed small watershed projects in response to requests made by sponsoring local organizations, and (b) assistance to sponsors in the development of watershed work plans. SCS is responsible for development of guiding principles and procedures.

Watershed and Flood Prevention Operations Program activities include:

1. Watershed Operations: Cooperation with local sponsors, state and other public agencies in the installation of planned works of improvement in approved watershed projects. Such works of improvement reduce erosion, floodwater and sediment damage. They also further the conservation, development, utilization, and disposal of water, including the development of recreational facilities and improvement of fish and wildlife habitat.

2. Flood Prevention Operations: Planning and installing works of improvement for flood prevention and for the conservation, development, utilization, and disposal of water. This may also include the development of recreational facilities and the improvement of fish and wildlife habitat. Activities are authorized in 11 Flood Prevention watersheds.
3. Loans to local organizations to help finance the local share of the cost of carrying out planned watershed and flood prevention works of improvement. Loans are made on an insured basis from the Agricultural Credit Insurance Fund administered by the Farmers Home Administration.

SCS is responsible for development of guiding principles and procedures.

Great Plains Conservation Program activities include:

1. Cost-sharing of conservation practices under long-term contracts with farmers and ranchers in designated counties of the ten Great Plains States.
2. Technical services to help make needed land use adjustments and install conservation measures specified in basic conservation plans in accordance with contract schedules.

Resource Conservation and Development Program activities include:

1. Investigations and surveys to help local sponsors develop overall programs and plans for land use and conservation.
2. Technical services and financial assistance to sponsors, local groups and individuals in carrying out such plans and programs.
3. Loans for resource improvements and developments in approved projects. Loans are made on an insured basis from the Agricultural Credit Insurance Fund administered by the Farmers Home Administration.

Program Administration: SCS maintains its central office in Washington, D.C. Most of its activities, however, are carried out in about 3,050 field offices in the 50 states and Puerto Rico. Four technical service centers provide professional services, program coordination and technical support. This includes services such as engineering and watershed planning, cartographic work, soil mechanics laboratories, professional help in agronomy, soils, biology, forestry, information, plant materials, range conservation, other technical work, and special laboratories. Technical programs are carried out in cooperation with conservation districts and other local sponsoring organizations.

Available Funds and Man-Years

1974 and Estimated, 1975 and 1976

Item	Actual		Estimated		Budget Estimate	
	1974		Available, 1975		1976	
	Amount	Man-Years	Amount	Man-Years	Amount	Man-Years
Soil Conservation Service						
Conservation Operations...	167,309,210	9,617	198,007,000	9,329	200,375,000	9,702
River basin surveys & investigations.....	12,341,281	543	14,531,000	551	14,798,000	553
Watershed planning.....	10,094,668	404	11,099,000	468	11,236,000	471
Watershed and flood prevention operations...	157,846,860	2,935	124,527,000	3,244	136,576,000	3,107
Great plains conservation program.....	18,253,000	341	20,196,000	345	20,575,000	346
Resource conservation & development.....	17,204,297	665	20,320,000	728	25,012,000	689
Total.....	383,049,316	14,505	388,680,000	14,665	408,572,000	14,868
Deduct allotments to other agencies.....	12,370,638	541	18,086,385	545	12,727,000	545
Net.....	370,678,678	13,964	370,593,615	14,120	395,845,000	14,323
Other obligations under USDA appropriations:						
Reimbursement for technical assistance to:						
Rural Environmental Assistance Program and Emergency Conservation measures.....	3,799,412	282	8,050,000	203	1,313,000	93
Other USDA agencies & within SCS.....	1,703,681	88	959,000	33	224,000	5
Allocations for technical assistance to:						
Water Bank Program.....	335,316	16	925,572	30	266,000	11
Non-metropolitan planning.....	91,053	4	--	--	--	--
Total, other USDA.....	5,929,462	390	9,934,572	266	1,803,000	109
Total, Agriculture Appropriations.....	376,608,140	14,354	380,528,187	14,386	397,648,000	14,432
Other Federal funds:	1,801,226	78	2,530,000	81	2,638,000	65
Non-Federal funds:	7,200,775	305	8,185,000	280	7,480,000	253
Total, Soil Conservation Service.....	385,610,141	14,737	391,243,187	14,747	407,766,000	14,750

End-of-Year Employment:	1974	1975	1976
	Actual	Estimated	Estimated
Permanent full-time	13,471	13,175	13,175
Other	2,550	2,663	2,843
Total	<u>16,021</u>	<u>15,838</u>	<u>16,018</u>

(a) Conservation Operations

Appropriation Act, 1975	\$192,116,000
Budget Estimate, 1976	<u>200,375,000</u>
Increase in Appropriation	+8,259,000

Adjustments in 1975:

Appropriation Act, 1975	\$192,116,000	
1975 Supplemental Appropriation for pay costs . . .	<u>+5,891,000</u>	
Adjusted base for 1976.		198,007,000
Budget estimate, 1976		<u>200,375,000</u>
Increase over adjusted 1975		+2,368,000

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

	1975	Increase or Decrease	1976 Estimate
Soil surveys.	\$ 28,910,000	--	\$ 28,910,000
Technical programming, installation service & snow surveys	154,515,000	--	154,515,000
Operation of plant material centers	2,316,000	--	2,316,000
GSA space rental costs.	6,375,000	+215,000	6,590,000
Annualization of the pay cost increase effective in FY 1975 . .	<u>5,891,000</u>	<u>+2,153,000</u>	<u>8,044,000</u>
Total available	<u>198,007,000</u>	<u>+2,368,000</u>	<u>200,375,000</u>

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1974	1975 (estimated)	Increase or Decrease	1976 (estimated)
1. Assistance to conser- vation districts, communities & other cooperators:				
(a) Soil surveys .	\$ 24,203,148	\$ 31,075,000	+364,000	\$ 31,439,000
(b) Technical pro- gramming, in- stallation services and snow surveys .	141,242,883	164,536,000	+1,976,000	166,512,000
(c) Operation of plant material centers	1,863,179	2,396,000	+28,000	2,424,000
Total adjusted appro- priation	<u>167,309,210</u>	<u>198,007,000</u>	<u>+2,368,000</u>	<u>200,375,000</u>
Transfer to GSA	+134,536	--		
Proposed Supplemental for pay increase costs	--	-5,891,000		
Total appropriation ..	<u>167,443,746</u>	<u>192,116,000</u>		

PROJECT STATEMENT
(On basis of available funds)

Project	1974	1975 (estimated)	Increase or Decrease	1976 (estimated)
1. Assistance to conserva-				
tion districts, commu-				
nities and other co-				
operators:			(1)	
(a) Soil Surveys . . .	\$ 29,734,616	\$ 31,075,000	+364,000	\$ 31,439,000
(b) Technical program-				
ming, installation				
services, & snow			(2)	
surveys	138,686,253	168,845,644	-2,333,644	166,512,000
(c) Operation of plant			(3)	
material centers:	1,664,694	2,396,000	+28,000	2,424,000
Total obligations.	170,085,563	202,316,644	-1,941,644	200,375,000
Unobligated balance brought				
forward	-7,085,997	-4,309,644	+4,309,644	--
Unobligated balance carried				
forward	+4,309,644	--	--	--
Total adjusted appropriation	167,309,210	198,007,000	+2,368,000	200,375,000

EXPLANATION OF PROGRAM

The appropriation "Conservation Operations" funds Soil Conservation Service activities authorized by the Act of April 27, 1935, (16 U.S.C. 590a-590f). These activities are designed to reduce erosion, solve soil and water management problems, bring about physical adjustments in land use, improve agriculture and reduce damage caused by floods and sedimentation. Activities include:

- Soil surveys - special investigations, and interpretations are made to determine the kinds of soil, potential alternative uses, and their needs for full use and conservation. Each soil survey includes field mapping and necessary correlation, interpretation, investigations, and laboratory work. These surveys are conducted cooperatively with other federal agencies, land grant colleges, other state agencies, and local organizations. The published soil survey for a county or designated area includes maps with explanatory information useful in many federal, state, county and local community programs. Special reports are prepared and released as needed for local uses.

Soil surveys are needed on the total 2.3 billion acres of land in the United States and Caribbean Area. Detailed, reconnaissance, and exploratory soil surveys have been made on 1.2 million acres as of June 30, 1974. Soil survey mapping will be completed on about 44 million acres in FY 1976. Soil survey field work is being completed on about 75 counties or designated areas, annually. A cumulative total of 477 soil surveys will be in the process of being published during FY 1976. Of this total, 85 will be sent to the Government Printing Office.

- Technical programming, installation services, and snow surveys - includes Conservation Technical Assistance, and Snow Survey and Water Supply Forecasting.

The Soil Conservation Service provides technical assistance to about 3,000 conservation districts. These districts, formed under state enabling legislation and locally controlled, have within their boundaries about 99 percent of the farms and ranches in the nation. Through these conservation districts, the Soil Conservation Service provides technical help to more than 2,300,000 district cooperators, who are primarily farmers and ranchers, having land use and conservation problems.

More than 1,000,000 district cooperators receive help on an annual basis. About 13,000 groups of land users and over 33,000 state and local units of government were assisted with problems of land use, conservation, or building and water resource developments during FY 1974.

Conservation plans developed by land users consist of their decisions to achieve conservation objectives and contain soil and capability maps and other basic resource data interpreted for alternative uses and treatment. As of June 30, 1974, about 44 percent of the operating units in conservation districts had been planned with SCS technical assistance.

Installation services are provided to cooperating land users to help them apply planned conservation programs. These services include site investigation designs and specifications, construction plans, and layout of practices.

Technical services are provided to individual and group participants in the Agricultural Conservation Program for complete conservation plans and site selection, layout, or establishment of specified conservation practices.

Snow survey and water supply forecasting provides valuable service to irrigators and others who rely upon snow data and water supply forecasts in planning annual operations. More than 9,000,000 acres of irrigated land in the Western States are served by water supply forecasts. Although water supply forecasts are geared primarily to the needs of rural farm and ranch operators, they are also helpful to a wide variety of water management groups that have responsibility for flood control, recreation, fish and wildlife, power generation, municipal and industrial water supply and water quality management. Five hundred mountain snow courses will be converted from manual to automated data collection systems by 1979.

- Operation of plant materials centers - Plant materials centers are operated for selection and testing of plants for erosion control, special conservation purposes, and adaptation to unusual soil and site conditions. The work at the twenty centers includes cooperation with state and Federal agencies, commercial businesses and seed associations to encourage production, release, and use of new or uncommon plant materials needed in soil and water conservation programs. Over 120 new conservation plant varieties from this program are in large-scale use in combating the many problems encountered in a total program of soil, water, and related resource conservation. An average of five new conservation plants are released each year for conservation purposes.

INCREASES AND DECREASES

- (1) An increase of \$364,000 for Soil Surveys consisting of:

- (a) An increase of \$325,000 for annualization of pay increases effective in FY 1975.

- (b) An increase of \$39,000 for space rental costs.

Under current procedure, the Agency is required to budget for the cost of agency occupied GSA controlled space. The 1975 Appropriation Act limited the Department to paying 90 percent of the standard level user charge used in the computing of the 1975 request. For FY 1976, the Budget reflects 100 percent funding for the estimated billings provided by the General Services Administration.

- (2) An increase in appropriation of \$1,976,000 for Technical Programming, Installation Services, and Snow Surveys. On the basis of available funds, there is a decrease of \$2,333,644 consisting of:

- (a) An increase of \$1,800,000 for annualization of pay increases effective in FY 1975.

(b) An increase of \$176,000 for space rental costs.

Under current procedures, the Agency is required to budget for the cost of agency occupied GSA controlled space. The 1975 Appropriation Act limited the Department to paying 90 percent of the standard level user charge used in the computing of the 1975 request. For FY 1976, the Budget reflects 100 percent funding for the estimated billings provided by the General Services Administration.

(c) A decrease of \$4,309,644 for nonrecurring equipment purchases to be made in 1975 with 1974 carryover funds.

(3) An increase of \$28,000 for operation of Plant Materials Centers for the annualization of pay increases effective in FY 1975.

The current 1975 estimate includes the use of \$4,310,000 in carryover balances for nonrecurring equipment purchases. The 1976 program level provides for the exclusion of nonrecurring equipment purchases, and includes pay and GSA space costs. If in 1975, as in 1974, all available funds are not obligated, they will automatically be carried forward and added to the 1976 appropriation.

TRANSITION BUDGET

Conservation Operations

Transition Budget Estimate.....\$50,100,000

JUSTIFICATION OF TRANSITION BUDGET ESTIMATE

The funds requested represent one-fourth of the budget estimate for FY 1976.

STATUS OF PROGRAM

Current Activities: The Soil Conservation Service is the technical agency of the United States Department of Agriculture established to carry out provisions of the Act of April 27, 1935, (16 U.S.C. 590a - 590f). Professional leadership is provided to conservation districts and other organizations in matters of soil and water conservation. Technical assistance is essential to help landowners, units of government, operators and groups develop land use programs and plan and install conservation measures.

The basic objectives of conservation operations include use of land within its capability and applying treatments in accordance with its need for protection and improvement.

Cooperative Work with Local Conservation Districts

Conservation operations assistance is provided primarily in cooperation with nearly 3,000 soil and water conservation districts. Conservation districts are units of government formed under authority of state laws and operate under local initiative, direction, and control. Local people provide the leadership needed to effectively advance the conservation objectives of the districts.

The Soil Conservation Service furnishes technical and other assistance to districts under the terms of memorandums of understanding. Service technicians are assigned to work directly with landowners and operators. They help develop conservation plans for individual farms, ranchers, or other units of land. They also help develop schedules for the application of needed combinations of practices. Operating procedures combine the practical experience of land users with the scientific knowledge and skills of professional conservationists to develop and carry out locally-adapted conservation programs.

Rural Development

The Soil Conservation Service is the Department's technical assistance agency in soil, water, and related resource conservation, development, and use. SCS has a major responsibility to help rural leaders and residents determine land capability and potential uses through furnishing facts and interpretations of soil, water, and related resources. It also provides planning assistance to state and local rural development committees and other planning and development agencies and organizations. Goals of this assistance include control of erosion, water management, protection and improvement of public facilities, location of industries in nonmetropolitan areas and promoting resource-related economic development.

Types of Assistance Furnished

Technical services and other assistance furnished by the Soil Conservation Service under this appropriation include the following activities:

1. Soil surveys are made to determine the kinds of soil, potential alternative uses of the soils, and their needs for full use and conservation. Each soil survey includes field mapping and necessary correlation, interpretation, investigations, and laboratory work. Soil surveys are conducted cooperatively with other federal agencies, the land grant universities, other state agencies, and local organizations. The published soil survey includes maps with explanatory information useful in many federal, state, county, and local community programs. Interim and supplemental reports are prepared and released as needed for local uses.

2. Technical Assistance:

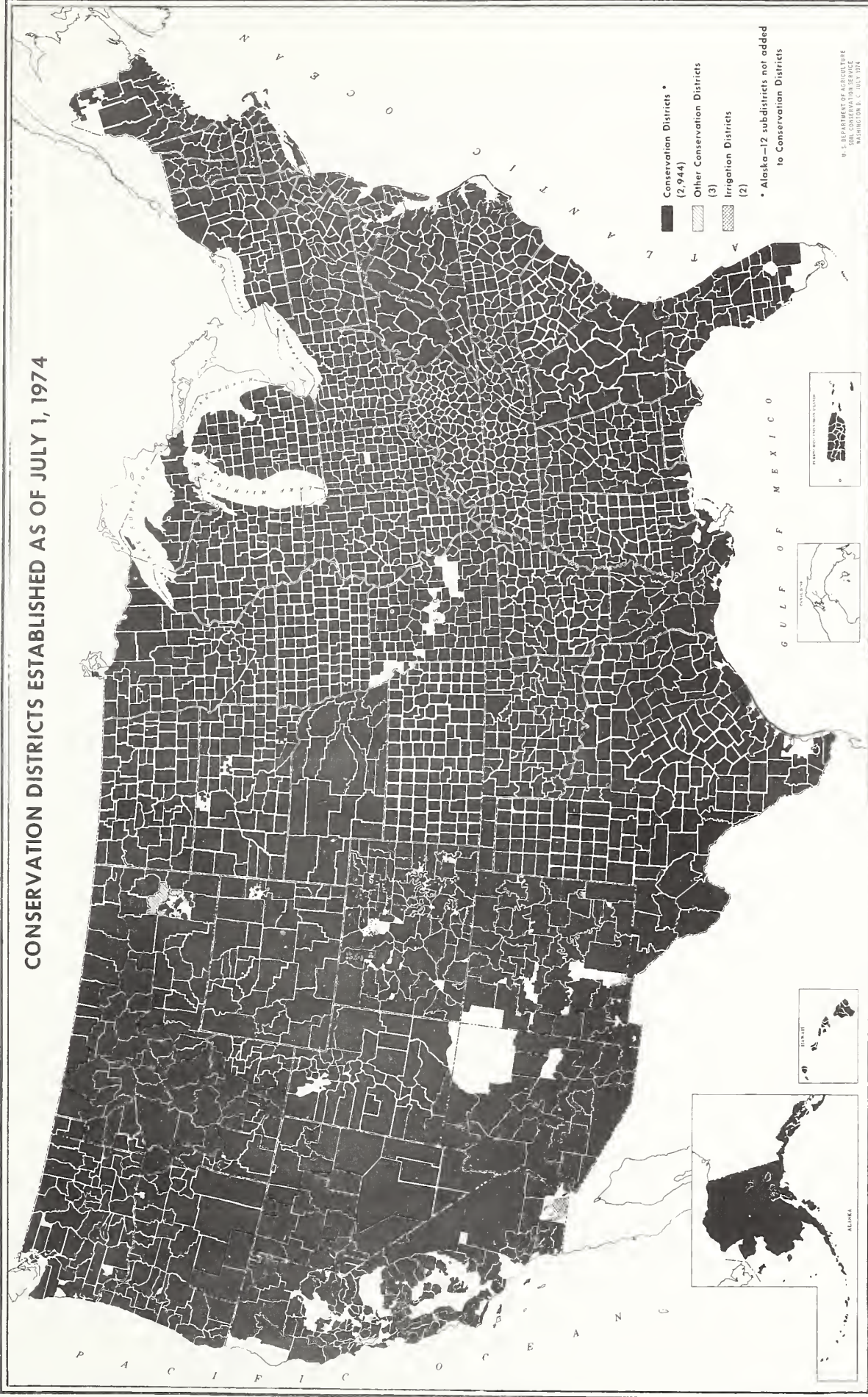
- a. Planning assistance is furnished farmers, ranchers, other land users and to state and local units of government involved in establishing public policy regarding the use and treatment of land. Technical assistance is used to determine alternative land uses and treatment needs. The conservation plan developed consists of a soil and capability map and other basic resource data interpreted for alternative uses and treatment, and the land user's recorded decisions to achieve his conservation objectives.
 - b. Installation services are provided to cooperating land users to help them apply planned conservation programs. Such assistance includes site investigations, designs and specifications, construction plans, and layout of practices on their lands.
 - c. Technical help is furnished to people acting together to make group decisions about neighborhood and community soil, water, and related resource problems, needs and opportunities. Assistance involves preparing inventories and evaluations essential for sound group plans. Such plans typically involve efficient use or disposal of water, stabilization of critical areas, reduction of stream pollution or the prevention of flood and sediment damages.
 - d. Technical assistance, such as inventories, evaluations, and interpretations of soil and water data, is provided to individuals, groups, and units of government concerned with the use and development of land and water resources. This includes the furnishing of soils, vegetative, biology and water management data suitable for making land use and treatment decisions. These services are furnished in cooperation with state agencies and local organizations, such as agricultural experiment stations, highway departments, planning and zoning boards, tax commissions, and governing bodies.
 - e. Technical services are provided to individual and group participants in the Agricultural Conservation Program for site selection, layout, or establishment of conservation practices specified in long-term agreements. Long-term agreements are based on approved conservation plans.
3. Snow surveys are conducted in the Western States. Data collected are the basis for making water supply forecasts. The forecasts provide estimates of runoff volumes (both short-term and seasonal) available for irrigation use, stream and reservoir regulation, power generation and other purposes. Data collected are also valuable for predicting when the potential for flood flow exists. Water supply forecasts are provided the public, other state and federal agencies, groups of water users and individuals for their guidance in the efficient use and management of available water supplies.
 4. Plant material centers are operated for selection and testing of plants for erosion control, special conservation purposes, and adaptation to unusual soil and site conditions. The work of these centers includes cooperation with state and federal agencies, commercial concerns and seed associations to encourage production, release, and use of new or uncommon plant materials needed in soil and water conservation programs.

Selected Examples of Recent Progress:

Local, State and Federal Participation
in Conservation District Programs

Officials of conservation districts provide the local leadership for development and operation of appropriate land use and conservation treatment programs on private lands. They solicit local, state and federal participation in locally-

CONSERVATION DISTRICTS ESTABLISHED AS OF JULY 1, 1974



U. S. DEPARTMENT OF AGRICULTURE
SOIL CONSERVATION SERVICE
WASHINGTON, D. C. 20250

adapted programs that conserve and improve land and water resources. Over the years they have developed cooperative ways of financing conservation programs which provide numerous public and private benefits. The 2 million private landowners and operators, who cooperate in district programs, finance more of the program cost than all public sources combined. State and local contributions continue to increase.

Status of District Organization as of 6/30/74

A total of 14 new conservation districts were formed in 1974 fiscal year. Twenty-seven previously established districts were merged or consolidated with other districts. Overall, the total number of districts decreased by 13. Over 9 million acres were transferred between districts. Over 1.9 million acres were added to 29 existing districts. The net increase of new territories brought into districts in 1974 was 656,539 acres. About 97 per cent of the total farm and ranch lands and about 99 percent of the farms and ranches in the nation are now within boundaries of conservation districts. The following table shows the classification, number and area of districts and number of farms as of June 30, 1974.

Summary of Conservation Districts Organized, by Kinds of Districts, Cumulative to July 1, 1974.

Kind of District	State	Districts No.	Approximate	Farms No.
			Area Acres	
Soil & Water Cons. Dist.	49 States	2,918	2,204,277,702	2,689,231
Soil & Water Cons. Dist.	Caribbean Area	18	1,946,958	33,153
Work Areas (called Dist.)	Conn.	8	3,112,000	4,490
Grass Cons. Districts	Mont.	3	1,388,071	281
Imperial Irrigation Dist.	Calif.	1	908,195	822
Elephant Butte Irrigation District	N. Mex.	1	133,588	52
Total Conservation Districts		2,949	2,211,766,514	2,728,029

Land in farms in districts	Acres	Per Cent
United States	1,031,317,413	96.98
Caribbean Area	1,335,959	100.00
Total	1,032,653,372	96.99

Farms in districts	Number	Per Cent
United States	2,694,876	98.70
Caribbean Area	33,153	100.00
Total	2,728,029	98.71

Projected District Organization

A total of six new soil and water conservation districts are expected to be organized in the 1975 fiscal year. Another 8 new districts are projected for 1976. The formation of districts is nearing completion in most states. About 15 more districts are expected to be organized within the next few years. The following table shows the current projection with estimated number of farms and acreage included:

	Number of Districts	Acreage in Districts		Number of Farms
		Total Area	Land in Farms	
<u>Actual</u>				
June 30, 1973	2,962	2,211,109,975	1,031,036,917	2,724,075
Average per SCD	---	746,492	348,088	920
June 30, 1974	2,949	2,211,766,514	1,032,653,372	2,728,029
Average per SCD	---	750,006	350,171	925
<u>Estimate</u>				
June 30, 1975	2,955	2,216,250,000	1,034,250,000	2,733,375
Average per SCD	---	750,000	350,000	925
June 30, 1976	2,963	2,222,250,000	1,037,050,000	2,740,775
Average per SCD	---	750,000	350,000	925

The number of farms shown is based on the 1969 Census of Agriculture, adjusted slightly to reflect continued changes in total number of farms in the United States. The average size of farms in districts as of June 30, 1974, was 379 acres. Trends in recent years have been to larger farms and to more specialization. Continuation of these trends and subdivisions of private properties are expected. Conservation plans must be revised to reflect land use changes and to meet new problems arising from such changes.

Information Services

The priority information efforts of the Soil Conservation Service are being carried out under the banner of "produce more, protect more." Information activities are being redoubled to help encourage farmers and ranchers apply adequate conservation programs on old and new cropland as they expand and intensify production.

The Service's information activities are carried out through nearly 3,000 field offices, 50 state offices and the Commonwealth of Puerto Rico, four technical service centers and the Washington headquarters. Information on "produce more, protect more," and other work and accomplishments of the SCS is furnished to news media, educators and the public. Generally the information program is directed toward helping people understand causes and extent of natural resource problems; showing how to correct or prevent them; and suggesting ways to make improvements in the environment.

The Service's information emphasis also includes support of Department-wide programs by explaining how conservation activities contribute to improvement of environmental quality and enlargement of economic and social opportunities in rural areas.

Information is issued through press releases, photographs and picture stories, slide sets, publications, speeches, and magazine articles. Short radio and TV spot announcements are aired by stations as a public service. Radio and TV featurettes and interviews are distributed by the USDA Office of Communication.

Among the new publications planned during the current year is one on soil taxonomy that already has orders from soil scientists throughout the world. A waste management manual, and a technical brochure on urban hydrology are also underway.



A Soil Conservation Service Soil Scientist studies the arrangement and the nature of sand, silt and clay in the soil. Such studies help predict the ability of the soil to absorb water and resist erosion. This information is essential to recommending land use and management.

The Service has continued its work of supplying technical information and on the ground assistance to school and colleges in developing outdoor natural resource classrooms. There, on locally-owned public land, students learn the principles of conservation land use and management. The Service has assisted in the establishment of approximately 4,200 such outdoor classrooms, and interest in the use of them continues to broaden. As part of this effort, the nation's first school site development workshop was held at the University of Michigan, Ann Arbor.

Purpose and Use of Soil Surveys

The Soil Conservation Service has leadership in the National Cooperative Soil Survey. Participants include state agricultural experiment stations, state, federal and local agencies. Soils are studied in the field and in the laboratory and boundaries are plotted on aerial photographs. Soil interpretations explain alternative uses of the soils. The results of research on soils and of experience in using them contribute to these explanations.

A major objective of the National Cooperative Soil Survey is to provide published soil surveys of counties or other comparable size areas. Publications are used by many interested agencies, organizations and individuals.

The nationwide system of soil classification was developed by the Soil Conservation Service in cooperation with other interested agencies of state and local governments and many foreign contributors. Soil properties are rarely uniform over broad areas. Close adherence to a nationwide system of soil classification allows knowledge and experience gained from a particular kind of soil to be used in other areas where similar soils are found. In addition, the system of soil classification is useful to soil scientists throughout the world, particularly, in countries where little is known about the soils.

Soils must be selected and used prudently if the quality of the environment is to be improved and maintained. The best agricultural land must be identified and preserved to produce food and fiber. Also, new, more attractive urban and rural living areas and economic opportunities for all people must be developed. Soil surveys form one basis for town-and-country planning. Such planning leads to better homes, farms, cities, forests, parks, water surfaces, wildlife habitat, and recreation areas. Land use planners have found that conservation and environmental improvement plans are sounder when based on soil surveys.

Soil surveys are needed to plan runoff and erosion control measures which reduce the amount of sediment and other pollutants in streams. A soil survey enables land users to predict how each kind of soil will respond to use, management, and treatment. Soil surveys help farmers locate soils best suited for crops, and most responsive to management. They are of vital importance to planning engineers, zoning commissions, tax commissioners, homeowners, developers and others. Farms, wildlife and recreation areas, commercial and industrial sites, homesites, subdivisions, highways and airports have suffered severe losses when located on soils not suited for such purposes and special treatment was not provided to compensate for unfavorable soil conditions. In many instances soil survey information in the selection of sites would have resulted in decreased initial construction cost as well as lower maintenance cost and fewer failures of structures.

As of June 30, 1974, detailed soil maps that meet the current standards for all potential users had been prepared on 839,334,727 acres and reconnaissance soil maps on 61,667,979 acres for a total of 901,002,706 acres. In addition, exploratory soil survey maps have been prepared on 354,062,240 acres of rough mountainous areas in Alaska.

Mapping Progress

<u>Fiscal Year</u>	<u>Conservation 1/ Operations</u>	<u>Other SCS 1/ Programs</u>	<u>Other 2/ Cooperators</u>	<u>Total Acres Mapped</u>
1974 Actual	43,472,955 <u>3/</u>	1,519,900	1,739,422	46,732,277 <u>3/</u>
1975 Estimate	40,500,000	1,500,000	2,000,000	44,000,000
1976 Estimate	40,500,000	1,500,000	2,000,000	44,000,000

1/ Also includes soil surveys made by the SCS that are financed by other federal agencies, state and local agencies and other groups.

2/ Includes soil surveys made by other federal agencies, state agricultural experiment stations, and other state and local agencies.

3/ In addition, an exploratory soil survey was made on 16.5 million acres of rough mountainous areas in Alaska.

Soil Survey Publications

A total of 85 soil surveys including maps with explanatory text were edited and sent to the Government Printing Office for printing during fiscal year 1974. Soil surveys for the following 80 counties or soil surveys areas were published and distributed in fiscal year 1974.

Alaska

Salcha-Big Delta Area
Susitna Valley Area

Arkansas

Ouachita County

California

El Dorado Area
San Diego Area (Part I and II)
Tahoe Basin Area

Colorado

Alamose Area
Baca County

Delaware

Sussex County

Georgia

Berrien and Lanier Counties
Bryan and Chatham Counties
Cherokee, Gilmer and Pickens
Counties
Cobb County
Montgomery, Toombs and
Wheeler Counties

Hawaii

Island of Hawaii

Idaho

Bingham Area

Illinois

Logan County

Indiana

Shelby County
Spencer County

Iowa

Crawford County
Guthrie County

Kansas

Crawford County
Edwards County
Hodgeman County
Sherman County

Kentucky

Boone, Campbell and Kenton Counties
Calloway and Marshall Counties

Louisiana

St. James and St. John Parish
Ouachita Parish

Maryland

Cecil County
Worcester County

Michigan

Emmet County
Charlevoix County
Leelanau County
St. Clair County

Minnesota

Hennepin County
Norman County
Steele County

Mississippi

Oktibeha County
Pontotoc County

Missouri

Caldwell County

Nebraska

Howard County
Phelps County
Polk County

New Mexico

Harding County
Hidalgo County
Lea County

New York

Chemung County

North Carolina

Transylvania County
Wayne County

Ohio

Ashtabula County
Fayette County
Hancock County

Oklahoma

Caddo County
Craig County
Jefferson County
Pontotoc County

Oregon

Alsea County
South Umpqua Area
Yamhill Area

Pennsylvania

Fayette County
Susquehanna County

South Carolina

Lancaster County

South Dakota

Davison County
Lake County

Tennessee

Meigs County

Texas

Collingsworth County
Hemphill County
Kent County
Midland County
Scurry County
Terrell County
Warton County

Utah

Salt Lake Area

Vermont

Chittenden County

Virginia

Stafford and King George Counties

Washington

Columbia County Area
Cowlitz Area
King County Area

Wisconsin

Fond du Lac County

Goals are to send 85 soil surveys to the Government Printing Office for Publication in both FY 1975 and 1976.

Interim and Supplemental Soil Reports

As a part of soil survey assistance, copies of field sheets, charts, and maps and related special soil interpretations are provided to local officials, planning commissions and others. These reports are designed to meet specific, immediate needs of local people. They are generally prepared for portions of a county in which a soil survey is in progress. Local funds are provided to cover part of the extra cost of reproducing the special report. In some instances, local funds are also provided for field soil survey mapping.

During fiscal year 1974, there were 402 interim reports prepared and made available for local uses. About 355 of these reports are expected to be prepared in fiscal year 1975 and 350 in fiscal year 1976.

Resource Conservation Planning Assistance

Resource conservation planning assistance is furnished to individuals, groups, and units of government to help them plan solutions to problems associated with the development and use of soil and water resources. Generally, this assistance results in individual plans, group conservation plans, resource plans which are developed by units of government, or inventories and evaluations based on resource data. These plans provide for the use, development, and conservation of soil, water and related resources. They meet the needs and desires of those who own, use or control the resources. They also meet the increasing needs of the community and nation in the development and maintenance of soil and water resources.

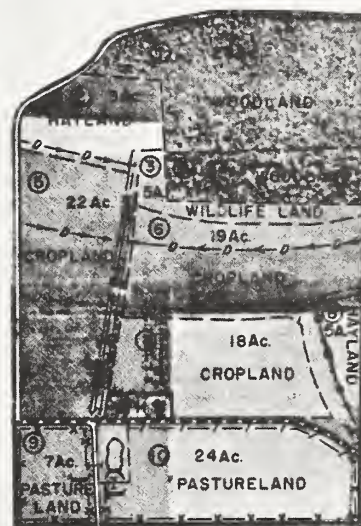
Conservation Planning: In meeting the Nation's continued need for all out food production, the Service will provide accelerated planning assistance to land users to enable them to increase production and protect valuable soil and water resources. Planning assistance will include applying soil survey information as a basis for selecting the most promising acreage for more intensive farming. Conservation plans will be updated to reflect decisions and alternatives necessary to meet the nation's production objectives.

Planning assistance is provided to users of individual land units; including farmers, ranchers, units of government and others owning or using land. Current technical information is provided to help them make wise land use decisions which fit their own objectives and, at the same time, meet national objectives to maintain the soil and water resource base, reduce erosion, and control agricultural related pollutants. Such actions help maintain a quality environment. Conservation plans which are jointly developed reflect needed land conversions, conservation treatment, and installation schedules specifically tailored to the labor, equipment, capital, and managerial ability of the individual land user.

Planning assistance is provided to groups and communities to help them solve soil, water and related resource problems common to the group or community. Many of these problems can be solved only by people working together in groups. Assistance includes soil, water, plant, and other resource inventory data applicable to current and anticipated planning needs. The Service assists the group or community to explore alternative solutions in development of plans to meet desires and objectives of the group in management and development of their resources. Assistance varies in accordance with complexity of resource problems. Groups and communities are encouraged to avail themselves of programs providing financial or other assistance.

Planning assistance to units of government has continued to increase. Essential to the planning needs of units of government are Service inventories and evaluations of land use limitations and suitability for projected uses. Inventories and evaluations are being provided to solve soil, water, and related problems created through urban expansion, industrial and other developments. Technical data provides the basis for development of comprehensive plans, land use and treatment ordinances, water laws, taxation, and other governmental devices essential to sound land use and management.

Plan Revision: Assistance in keeping conservation plans and inventories current is provided to all decision makers; individuals, communities and units of government. Decision makers must revise and modify plans as objectives, technology, economics, and other factors change. The Service assists them adapt to changing conditions by providing updated soil and water resource information.



CONSERVATION PLAN MAP

Farmers, ranchers, and others depend upon technical assistance provided by the Soil Conservation Service through locally managed soil and water conservation districts to solve resource related problems. The conservation plan includes a schedule to systematically install planned work, a conservation plan map showing planned work, and other data significant to the use of resources.



In Oregon, dairyman and SCS conservationist review decisions regarding land use, irrigation system, cropping system, and conservation work needed for sustained production under more intensive farming.



In Iowa, parallel terraces on rolling farmland permits use of large modern equipment under intensive cropping. Below, a productive farm in Minnesota is well protected by well planned conservation practices.



Status of Conservation Planning Activity

The following table shows district cooperators and progress in farm and ranch conservation planning with Soil Conservation Service technical assistance.

Item	Current Year a/ Fiscal Year 1974 (Actual)		Net Change	Cumulative in SCD's June 30 b/
	Increase	Decrease		
Number of district cooperators.....	85,328	-59,548	+25,780	2,304,042
Number of conservation plans:				
Developed.....	58,504	-44,462	+14,042	1,813,001
Revised.....	26,591	---	---	---
Fiscal Year 1975 (Estimate)				
Number of district cooperators.....	86,000	-60,000	+26,000	2,330,000
Number of conservation plans:				
Developed.....	60,000	-45,000	+15,000	1,828,000
Revised.....	26,000	---	---	---
Fiscal Year 1976 (Estimate)				
Number of district cooperators.....	87,000	-60,000	+17,000	2,347,000
Number of conservation plans:				
Developed.....	58,000	-45,000	+13,000	1,841,000
Revised.....	26,000	---	---	---

a/ Figures are for the Conservation Operations program only. In addition, 3,657 conservation plans and 1,742 revisions of plans were prepared in 1974 under other land treatment programs administered by the Soil Conservation Service.

b/ Totals under all current operating programs.

As of June 30, 1974, about 44 per cent of the operating units in conservation districts had been planned with technical assistance from the Soil Conservation Service under all programs which it administers. The 1,813,001 conservation plans as of June 30, 1974, comprise 611 million acres, or about 45 per cent of the total agricultural land in the United States. The following table shows the percentages by States:

Conservation Planning in Conservation Districts
By States and Nationally, June 30, 1974

States	Total CD's as of 6/30/74	Operating Units in CD's		Conservation Plans Prepared as of 6/30/74		% of Operating Units Planned	
	Number	Number	Acres	Number	Acres	Number	Acres
Northeast							
Connecticut	8	10,441	1,158,018	3,374	333,811	32.3	28.8
Delaware	3	7,722	1,077,283	2,711	389,503	35.1	36.2
Maine	16	50,151	14,446,302	8,798	1,677,329	17.5	11.6
Maryland	24	39,119	5,278,021	18,930	1,941,188	48.4	36.8
Massachusetts	15	16,311	1,50,910	8,416	832,217	51.6	38.7
New Hampshire	10	34,209	4,529,846	4,820	763,329	14.1	16.8
New Jersey	15	10,105	1,257,520	4,742	539,625	46.9	42.9
New York	56	119,852	16,324,606	28,532	4,156,959	23.8	25.5
Pennsylvania	66	106,412	18,976,324	38,392	6,864,031	36.1	36.2
Rhode Island	3	5,850	507,700	1,449	125,416	24.8	24.7
Vermont	14	13,737	2,154,300	8,492	1,614,870	61.8	75.0
Virginia	39	115,217	18,781,741	34,659	5,528,633	30.1	29.4
West Virginia	14	71,518	12,742,123	34,358	4,495,445	48.0	35.3
Caribbean	18	45,094	1,920,600	18,280	986,913	40.5	51.4
Total	301	645,738	101,305,294	215,953	30,249,269	33.4	29.8

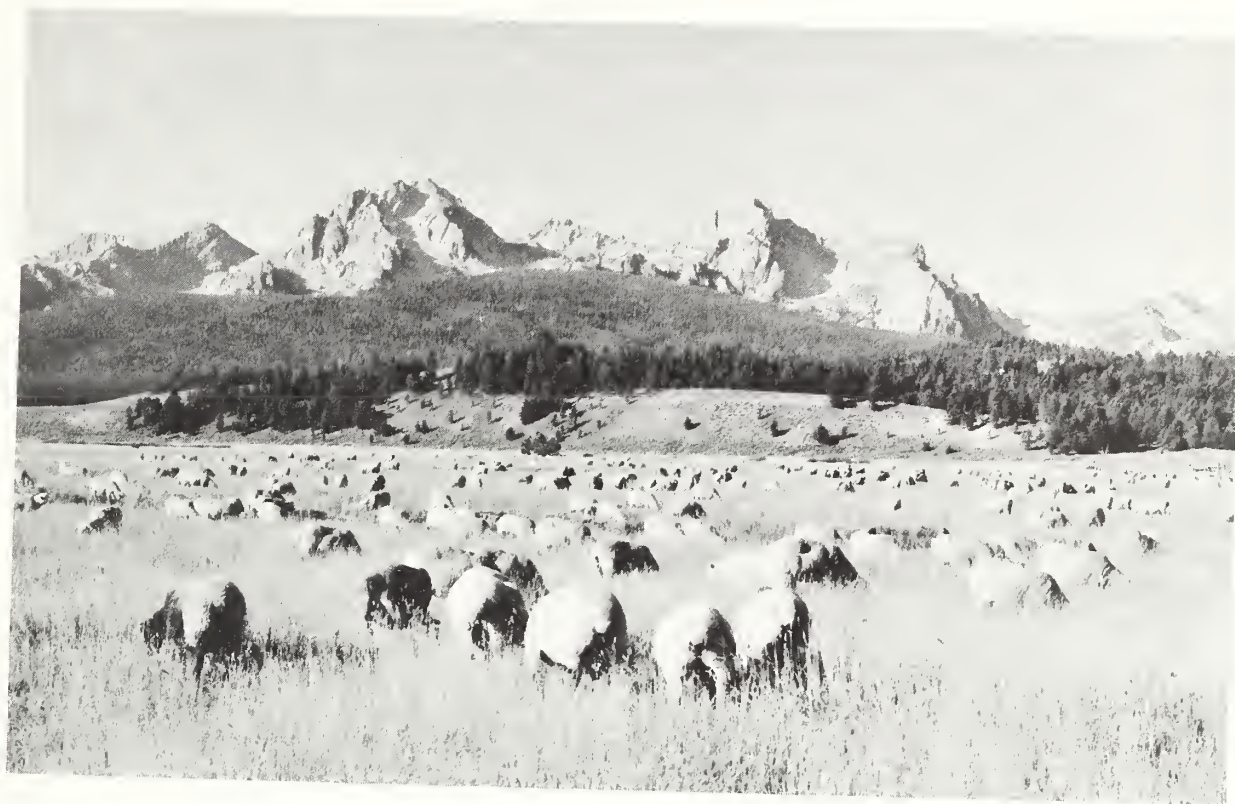
South:							
Alabama	67	101,554	23,222,222	51,347	10,116,143	50.6	43.6
Arkansas	76	121,836	30,052,828	91,389	18,877,274	75.0	62.8
Florida	60	57,065	25,014,916	23,213	8,347,023	40.7	33.4
Georgia	27	152,950	31,318,434	97,419	18,455,886	63.7	58.9
Kentucky	121	181,087	22,147,247	58,173	7,537,546	32.1	34.0
Louisiana	35	92,517	26,200,101	44,595	9,330,600	48.2	35.6
Mississippi	82	140,336	25,027,430	71,084	13,674,613	50.6	54.6
New Mexico	51	20,062	60,338,171	9,645	31,201,414	48.1	51.7
North Carolina	92	181,519	21,289,161	60,953	7,317,278	33.6	34.4
Oklahoma	88	134,479	40,139,571	96,611	29,065,317	71.8	72.4
South Carolina	45	92,753	17,385,121	40,019	6,611,238	43.1	38.0
Tennessee	95	58,401	20,058,846	45,858	6,121,014	29.0	30.5
Texas	194	294,684	157,961,926	195,085	108,718,455	66.2	68.8
Total	1,033	1,729,244	500,155,974	885,391	275,373,801	51.2	55.0
Mid-West:							
Illinois	98	148,453	29,628,263	55,087	9,497,208	37.2	32.0
Indiana	91	130,591	19,342,608	44,525	6,234,070	34.1	32.2
Iowa	100	155,472	34,087,544	74,703	14,189,350	48.0	41.6
Kansas	105	135,561	48,730,540	83,034	28,717,315	61.2	58.9
Michigan	85	114,721	19,545,859	46,466	5,817,288	40.5	29.8
Minnesota	92	132,882	34,565,013	37,398	8,244,815	28.1	23.8
Missouri	102	161,760	33,620,240	34,417	7,182,539	21.3	21.4
Nebraska	24	97,151	47,866,782	52,235	24,443,187	53.8	51.1
Ohio	88	149,384	20,539,771	56,077	7,289,321	37.5	35.5
Wisconsin	72	114,712	23,218,108	36,483	6,272,273	31.8	27.0
Total	857	1,340,487	311,144,728	520,425	117,887,966	38.8	37.9
West:							
Alaska	1	1,653	563,075	415	101,755	25.1	18.1
Arizona	31	7,609	37,196,050	4,474	10,765,409	58.8	28.9
California	144	88,158	35,073,345	30,513	10,548,467	34.6	30.1
Colorado	87	34,334	43,294,668	16,616	23,078,886	48.4	53.3
Hawaii	15	3,994	3,729,526	1,570	1,714,346	39.3	46.0
Idaho	52	38,707	18,390,532	12,661	6,809,261	32.7	37.0
Montana	61	25,864	66,340,088	11,079	33,737,387	42.8	50.8
Nevada	37	3,460	29,234,901	1,690	4,003,247	48.8	13.7
North Dakota	65	51,092	43,029,340	32,523	27,961,794	63.6	65.0
Oregon	56	42,738	27,851,034	13,370	8,916,191	31.3	32.0
South Dakota	69	47,064	46,410,065	27,664	22,187,549	58.8	47.8
Utah	41	20,839	23,656,003	10,772	9,910,864	51.7	41.9
Washington	60	69,920	20,929,392	22,032	8,472,953	31.5	40.5
Wyoming	39	10,281	42,874,107	5,853	18,985,460	56.9	44.3
Total	758	445,713	438,572,126	191,232	187,193,569	42.9	42.7
National Total	2,949	4,161,182	1,351,178,122	1,813,001	610,704,605	43.6	45.2

Conservation Practice Installation Services

The Soil Conservation Service furnishes technical assistance to land users to help them apply planned conservation measures. This includes design, layout and onsite technical assistance for the installation of the measures. Technical assistance, when needed, is available for the maintenance of applied practices. More than a hundred soil and water conservation practices are used nationally for erosion control, water management, and improved land use. Managerial and vegetative practices are used in appropriate combinations with structural measures.

Technical help in establishing practices: Conservation practices are usually scheduled for installation when the cooperator has adequate labor and equipment available, or on a seasonal basis to take advantage of favorable conditions. Thus, timing of technical help is important. Sequence of jobs also must be scheduled. For example, suitable outlets must be installed before terrace systems, main drains before lateral ditches, and assistance on the soil and water conservation aspects of subdivision work before grading and shaping begins.

Land users provide help on layout of practices. Unless technical help can be furnished when needed, it is often necessary to delay practice installation until the next year. For these reasons, the application of planned practices is of high priority at certain seasons in most areas. This is particularly true for conservation practices that need to be established immediately the land is to be preserved as national production goals are met.



Grassland management helps America meet the growing demand for food and fiber. Sheep feeding in a productive high mountain meadow in the Sawtooth Valley, Idaho. Below, domestic grasses are being converted to red meat in Georgia.



Conservation aids and temporary employees are often used during the peak workload seasons to meet these increasing demands. Additional employment with state or local funds is encouraged to help process seasonal workloads.

Conservation Practices Installed

The following table shows the volume and type of soil and water conservation practices installed by landowners and operators with technical assistance furnished by the Soil Conservation Service in fiscal year 1974. The figures under Conservation Operations include amounts of certain practices installed by Agricultural Conservation Program participants with cost-sharing assistance. Most of these individuals are cooperators with soil conservation districts. Estimates of the total soil and water conservation and erosion control practices established on the land as of June 30, 1974, with help from all sources are in the last column.

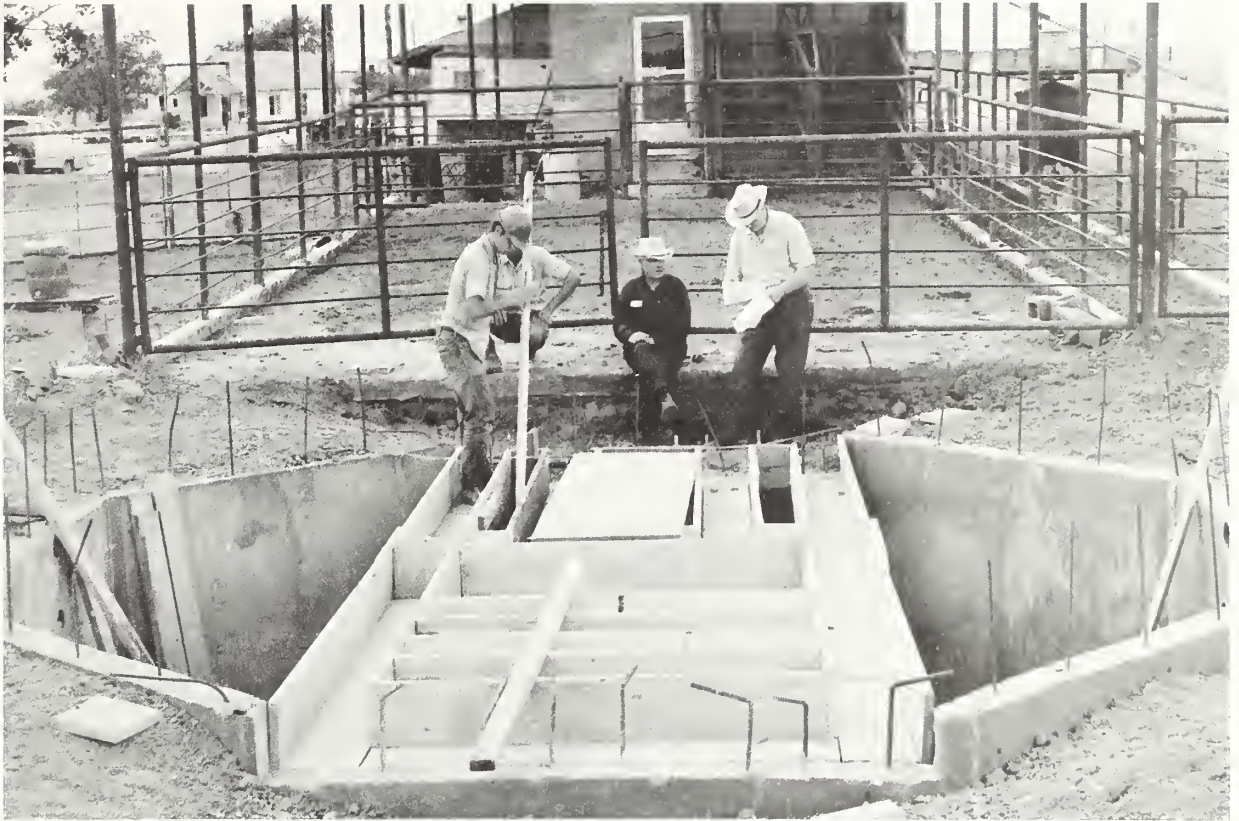
Practices	Unit	Installed in 1974 With Assistance Under		Est. 6/30/74 of Total Practices "On the Land"
		Conservation Operations	Other Programs	
Access Road	Miles	2,044	160	33,083
Agricultural Waste Mgmt. System	No.	947	20	2,228
Bedding	Acres	15,046	303	828,476
Brush Management	Acres	3,401,357	489,802	59,260,033
Chiseling & Subsoiling	Acres	660,268	71,223	10,859,428
Clearing & Snagging	Miles	433	429	8,767
Commercial Fish Ponds	Acres	3,431	455	70,989
Conservation Cropping System	Acres	17,941,790	981,450	217,630,533
Contour Farming	Acres	2,463,657	189,715	50,178,630
Critical Area Planting	Acres	120,882	50,957	5,316,860
Crop Residue Management	Acres	17,666,303	918,883	181,533,155
Dam, Diversion	No.	305	90	23,596
Dam, Multiple-purpose	No.	124	23	7,834
Dam, Multiple-purpose	Ac.Ft.	36,883	14,193	21,325,599
Debris Basin	No.	1,105	427	81,729
Deferred Grazing	Acres	11,663,882	424,844	96,284,133
Dike	Miles	268	24	13,154
Disposal Lagoon	No.	621	15	6,793
Diversion	Miles	947	356	104,206
Drainage Field Ditch	Miles	3,699	322	201,395
Drainage Land Grading	Acres	20,701	1,030	547,193
Drainage Main or Lateral	Miles	4,385	334	383,276
Farmstead & Feedlot Windbreak	Acres	33,113	12,767	808,183
Fencing	Miles	3,448	1,408	605,730
Field Border	Miles	763	87	47,895
Field Windbreak	Miles	2,285	292	99,031
Firebreak	Miles	2,355	1,325	43,674
Fish Raceway	Feet	27,136	250	451,783
Fish Stream Improvement	Feet	71,966	152,866	2,968,417
Fishpond Management	No.	53,123	3,711	738,562
Floodwater Diversion	Feet	36,814	---	1,728,700
Floodwater Retarding Structure	No.	82	278	11,912
Floodwater Retarding Structure	Ac.Ft.	6,664	219,478	6,265,395
Floodway	Feet	42,235	24,691	4,873,769
Grade Stabilization Structure	No.	4,631	3,087	242,351
Grassed Waterway or Outlet	Acres	39,361	10,736	2,135,679
Grazing Land Mechanical Treatment	Acres	3,023	10,527	1,462,976

Practices	Unit	Installed in 1974		Est. 6/30/74 of Total Practices "On the Land"
		With Assistance	Under Conservation Other Operations Programs	
Heavy Use Area Protection	Acres	1,901	110	175,449
Hedgerow Planting	Miles	447	25	24,434
Hillside Ditch	Miles	37	4	2,994
Holding Ponds and Tanks	No.	1,048	63	8,626
Irrigation Canal or Lateral	Miles	197	12	58,213
Irrigation Ditch and Canal Lining	Miles	579	30	35,782
Irrigation Field Ditch	Miles	1,179	23	132,449
Irrigation Land Leveling	Acres	183,748	10,359	12,399,618
Irrigation Pipeline	Miles	2,672	100	104,398
Irrigation Pit or Regulating Reservoir	No.	651	39	54,618
Irrigation Storage Reservoir	No.	153	5	41,202
Irrigation Storage Reservoir	Ac.Ft.	9,183	393	8,705,617
Irrigation System Drip	No.	123	--	418
Irrigation System Drip	Acres	4,981	--	32,966
Irrigation System Sprinkler	No.	4,306	96	142,481
Irrigation System Sprinkler	Acres	413,941	8,309	9,676,818
Irrigation System, Surface and Subsurface	No.	4,034	56	173,489
Irrigation System, Surface and Subsurface	Acres	445,676	6,764	18,384,320
Irrigation System, Tailwater Recovery	No.	685	16	18,573
Irrigation Water Management	Acres	3,036,337	55,316	22,672,679
Land Smoothing	Acres	177,059	8,619	8,048,284
Livestock Exclusion	Acres	484,134	39,150	16,174,576
Minimum Tillage	Acres	2,335,739	114,997	32,630,025
Mulching	Acres	53,222	4,597	1,366,330
Open Channel	Miles	276	572	16,794
Pasture and Hayland Management	Acres	10,040,540	642,554	72,331,141
Pasture and Hayland Planting	Acres	2,173,447	313,735	74,960,126
Pipeline	Miles	955	945	38,468
Planned Grazing Systems	Acres	6,421,810	308,231	52,005,493
Pond	No.	20,730	2,770	1,972,493
Prescribed Burning	Acres	386,645	12,000	5,330,140
Proper Grazing Use	Acres	50,359,270	2,973,602	274,705,373
Pumping Plant for Water Cont.	No.	2,514	153	125,825
Range Seeding	Acres	273,006	79,143	16,962,731
Recreation Area Improvement	Acres	59,063	2,057	1,503,389
Recreation Land Grading & Shaping	Acres	16,333	668	447,100
Recreation Trail & Walkway	Miles	467	65	15,654
Spring Development	No.	1,513	429	139,167
Stock Trails & Walkways	Feet	81,510	2,175	23,190,380
Streambank Protection	Miles	432	640	10,512
Stream Channel Stabilization	Miles	67	29	1,235
Stripcropping	Acres	394,155	55,552	22,786,182
Structures for Water Control	No.	27,388	3,119	2,120,516
Subsurface Drain	Miles	17,601	2,399	889,858
Terrace, Basin	Miles	26	143	2,698
Terrace, Gradient	Miles	3,410	1,324	723,935
Terrace, Level	Miles	1,993	1,447	443,934
Terrace, Parrallel	Miles	2,451	1,651	86,572
(Total, Terraces)	Miles	(7,880)	(4,565)	(1,257,139)



In Illinois a seed bed is being prepared while leaving crop residue on the surface to conserve moisture and reduce erosion. Below, corn growing in undisturbed residue in North Carolina. Non-tillage conserves soil and water resources and reduces energy consumption in farm operations.





A holding tank to help keep agricultural wastes out of streams and lakes is under construction in Texas. Wastes collected will be spread on grassland. Below, a lagoon system holds agricultural wastes in Louisiana.



Practices	Unit	Installed in 1974		Est. 6/30/74 of Total Practices "On the Land"
		With Assistance Under Conservation Operations	Other Programs	
Toxic Salt Reduction	Acres	41,248	1,142	1,663,321
Tree Planting	Acres	343,644	30,017	21,750,657
Trough or Tank	No.	4,573	2,002	575,425
Waterspreading	Acres	26,160	5,174	1,231,410
Well	No.	5,584	1,899	623,210
Wildlife Upland Habitat Mgmt.	Acres	9,220,736	329,255	65,019,505
Wildlife Wetland Habitat Mgmt.	Acres	484,135	27,051	6,390,736
Wildlife Watering Facility	No.	1,090	67	33,587
Woodland Direct Seeding	Acres	10,682	168	798,650
Woodland Improved Harvesting	Acres	1,102,068	52,173	33,445,978
Woodland Improvement	Acres	256,282	11,426	16,806,129
Woodland Pruning	Acres	9,640	204	258,127
Woodland Site Preparation	Acres	179,208	12,315	5,305,459
Land Adequately Treated	Acres	24,152,419	3,037,796	---
Land Adequately Protected	Acres	---	---	1,208,818,747

Counseling on financing of conservation work: Some land owners and operators have sufficient capital to pay the costs of practice installation. On a national basis, they finance more than half of the estimated total program costs. Most of them rely on their annual income to finance conservation work and must consider economic returns. Many farmers rely on loans or local sources of credit to finance practice installation. Soil Conservation Service conservationists counsel with land owners and operators to help assure that capital investments are made on a sound financial basis to assure short as well as long-term benefits. Local conservation contractors help landowners install conservation practices. This helps stabilize the economy of small rural communities and provides a sizeable amount of local employment.

Technical services with Agricultural Conservation Program: Many land users have used cost-sharing assistance under long-term agreements initiated under the 1974 ACP. The installation of conservation practices through long-term agreements is based on approved conservation plans.

For certain permanent practices, the Soil Conservation Service furnishes determination of need and feasibility, site selection, supervision of practice installation and certification of completed work. About half the cost of this assistance is financed through county transfers authorized to be made from ASCS program funds, and half was absorbed as a part of the regular SCS conservation operations work in districts.

Assistance to Neighborhoods and Communities

The Soil Conservation Service provides technical help to groups of landowners and operators in the planning, design and construction of erosion control and water management jobs that provide community-type benefits. These jobs may involve a few adjoining farms that have closely related conservation problems, land within the watershed of small tributary streams, or an entire community. In the 1974 fiscal year, 2,604 group conservation jobs were planned. Cumulatively, a total of 23,382 such community-type plans have been prepared under the conservation operations program.

Community benefits include prevention of flood damages, reduction of health hazards, improved water management, outdoor recreation facilities and pollution abatement through sediment control. The costs of such jobs are financed mainly by the cooperating landowners even though many public benefits result. The work improves sources of municipal water, reduces damages to local roads, structures and public utilities, and controls sedimentation in reservoirs and streams. There is increasing need for such community-type group jobs in many rural areas where there is rapid population growth and urban expansion.

Recreation and the Environment

Within the Department, the Soil Conservation Service has leadership in the development of recreation enterprises on nonfederal lands. Approximately 27,000 recreation developments were established or expanded with technical assistance from the Service during fiscal year 1974. The Service has provided assistance in the establishment of 15,600 miles of recreation trails and walkways, 175,000 acres of heavy use area protection, and 1,503,000 acres of recreation area improvement. Enhancement of the environment results from conservation treatment established on farms, ranches, and other lands, roadbanks, streambanks, surface mined areas, and around homesites.

Pollution Abatement

In all of its programs, the Soil Conservation Service emphasizes land use and conservation treatment practices which contribute to pollution abatement. Environmental pollutants, such as dust, stream sediment, plant and animal pesticides and animal waste from farms are reduced. Conservation work that enhances the environment includes establishment of trees, shrubs, and grass on eroding areas, installation of debris basins and other structures for sediment control and reduction, and installation of lagoons, holding ponds, irrigation systems and other facilities to safely return animal wastes to agricultural lands.

Some of the direct benefits which accrue to both rural and urban residents are cleaner water, reduction of health hazards, improvement of fish and wildlife habitat, flood prevention and reduction of water purification costs.

Snow Survey and Water Supply Forecasting Activity

Snow surveys are conducted in cooperation with federal, state and local agencies, irrigation and power companies, and the Province of British Columbia. Snow surveys measure the high mountain snow pack and project anticipated stream flow. The economic value derived from advance information on potential water supply in the arid areas of the West creates an increasing demand for snow surveys. Snow-fed streams in the West provide 70 percent of the water supply used for agriculture, industry, municipal uses, recreation, fish and wildlife and other purposes. SCS operates a network of snow courses and related data collection sites in the Western States and Alaska. Depth and water content of snow and other related data are systematically collected from 1,600 high mountain snow courses on a regular basis. Approximately 50 locations are equipped with automatic telemetry equipment for collecting and transmitting data. In addition to snow data, soil moisture data are collected at 200 locations and precipitation at 300 locations. Plans are to automate more than 500 data sites. In addition to remote sensing devices at the data sites this plan includes a westwide radio telemetry and data management system.

Currently most data are gathered by SCS personnel and cooperating agencies who travel to remote areas by snowshoe skis, over-snow machines and aircraft. These basic data permit the development of seasonal forecasts of water supply at 465 locations along the river systems including forecasts of anticipated flow into downstream reservoirs.



Snow surveys in ten Western states help determine potential water supply. Upper photo shows two SCS snow surveyors climbing to high elevations in Utah. Their trip over rugged terrain subject to avalanches requires safety skills, fitness and stamina. Automatic radio telemetry installations as shown in lower photo are being installed to provide more frequent measurements and reduce the hazardous travel required for manual snow measurements.



The following table shows accomplishments in the 1974 fiscal year:

<u>Item</u>	<u>Number</u>
Snow course measurements	6,434
Aerial snow marker readings	768
Mountain precipitation gage reading	1,778
Soil Moisture station readings	1,019
Numerical forecasts issued	2,763

Plant Materials Centers

Plant materials centers are located in selected plant growth regions of this country. They are operated to meet the needs for improved vegetation in various watershed, resource development, highway, strip mine land reclamation, wildlife and other conservation programs. Plant materials play an essential part in erosion control, land use adjustments, and environmental protection and enhancement. Seventeen centers are operated by the Soil Conservation Service and three by cooperating agencies. They are:

Operated by Soil Conservation Service:

Tucson, Arizona	Coffeenville, Mississippi
Lockeford, California	Elsberry, Missouri
Brooksville, Florida	Bridger, Montana
Molokai, Hawaii	Cape May Courthouse, New Jersey
Aberdeen, Idaho	Big Flats, New York
Manhattan, Kansas	Corvallis, Oregon
Quicksand, Kentucky	Knox City, Texas
Beltsville, Maryland	Pullman, Washington
East Lansing, Michigan	

Operated by cooperating agencies:

Americus, Georgia (University of Georgia)
Los Lunas, New Mexico (New Mexico State University)
Bismarck, North Dakota (North Dakota Association of Soil Conservation Districts)

Other :

In addition to the 20 centers listed above, the State of Alaska operates a plant materials center at Palmer which is managed by a Service employee under the Intergovernmental Personnel Act.

Cooperative Testing

Much of the work under this activity is carried out in cooperation with state and federal experiment stations, state highway agencies and state departments of natural resources, conservation and game.

The final evaluation of new plants and cultural methods is made on farms and ranches in conservation districts. Tests are conducted with public agencies responsible for public land, such as wildlife management areas, parks, highways and beaches.

Beneficial Uses of Plant Materials

Most of the plant materials selected by plant materials centers are adapted to soil and site conditions on which it is difficult to establish vegetative cover. There is a continuing need for the testing and selection of improved plants that

are adapted to special conservation uses. Increased emphasis has been given in recent years to the evaluation and selection of adapted plants useful to wild fire control, strip mine reclamation, highway erosion control, sand dune stabilization, rural beautification, wildlife habitat improvement and the protection and stabilization of streambank, pond, and lake waterfronts.

Over 120 new conservation plant varieties from this program are in present large-scale production and use in resource conservation and development and environmental protection and enhancement.

- Over 50,000,000 improved tree, shrub and herbaceous plants having plant materials center origin are produced annually by commercial and state nurseries.
- Over 5,000,000 pounds of seed are being grown by soil conservation district cooperators. A greater amount of seed of plants, having plant material center origin, are produced annually by commercial companies.

Over 1,000,000 acres of surface-mined lands have been reclaimed by 22,500 land owners in 1,973 Soil Conservation Districts. Much of this reclamation was accomplished by using plant materials developed at SCS plant materials centers. Plants used include 'Arnot' bristly locust, 'Cardinal' autumn olive, 'Chemung' and 'Emerald' crownvetch, 'Lathco' flatpea, 'Rosana' western wheatgrass and 'Durar' hard fescue.

Millions of acres of rangeland have been improved with plant materials selected by plant materials centers. A survey conducted in Texas showed that nearly 6,000,000 acres of rangeland in that state alone are now better protected as a result of being seeded to improve grasses cooperatively released by the Soil Conservation Service. In addition to improved soil protection, these improved grasses produced additional beef and increased economic returns to Texas ranchers. Examples of improved range grasses include 'Kleingrass 75', buffelgrass, 'Lunar' pubescent wheatgrass, 'Greenar' intermediate wheatgrass and 'Kaw' big bluestem.

Erosion from wave action has seriously damaged the frontslope of many watershed structures and stream, pond and lake waterlines. The use of adapted plant materials such as 'Halifax' maidencane selected by plant materials centers, prevents erosion from wave action, eliminates costly repairs and provides improved habitat for wildlife.

Most shrubs selected by plant materials centers are finding multiple use in conservation programs. Shrubs such as 'Cardinal' autumn olive, 'Rem-Red' amur honeysuckle, 'Midwest' manchurian crabapple, 'Pink Lady' winterberry euonymus and 'Arnot' bristly locust are used to stabilize surface mine spoils and other critically eroding areas; for screens and hedges; noise barriers; roadside development; wildlife food and cover, and beautification.

An average of five new conservation plants a year are being released in cooperation with state experiment stations and other agencies and organizations.



Over 1,000,000 acres of surface-mined lands have been reclaimed by 22,500 landowners in 1,973 Soil Conservation Districts. Much of this reclamation was accomplished by using plant materials developed at SCS plant materials centers. Examples are Critana thickspike wheatgrass and Rosana western wheatgrass seeded on the reclaimed area in Wyoming, above, and Deertongue grass on an acid, strip-mined spoil near Johnstown, Pennsylvania (below).





Wave action has damaged the frontslopes of a watershed structure. Below, the use of adapted plant materials, selected by plant materials centers, prevents erosion from wave action, eliminates costly repairs and provides improved habitat for wildlife.



(b) River Basin Surveys and Investigations

Appropriation Act, 1975	\$14,122,000
Budget Estimate, 1976	14,798,000
Increase in Appropriation	+ 676,000

Adjustments in 1975:

Appropriation Act, 1975	\$14,122,000
1975 Supplemental Appropriation for pay cost . . .	+ 409,000

Adjusted base for 1976	14,531,000
Budget estimate, 1976	14,798,000
Increase over adjusted 1975	+267,000

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

	<u>1975</u>	<u>Increase or Decrease</u>	<u>1976 Estimate</u>
River Basin Surveys and Investi- gations	\$13,703,000	- -	\$13,703,000
GSA Space rental costs	419,000	+110,000	529,000
Annualization of pay cost in- crease effective in FY 1975..	409,000	+157,000	566,000
Total available	<u>14,531,000</u>	<u>+267,000</u>	<u>14,798,000</u>

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1974	1975 (estimated)	Increase or Decrease	1976 (estimated)
River Basin Surveys & In- vestigations Total				
adjusted appropriation	\$12,341,281	\$14,531,000	+267,000 (1)	\$14,798,000
Transfer to GSA	+9,719	--		
Proposed Supplemental for: pay increase costs	--	-409,000		
Total, appropriation	<u>12,351,000</u>	<u>14,122,000</u>		

PROJECT STATEMENT
(On basis of available funds)

Project	1974	1975 (estimated)	Increase or Decrease	1976 (estimated)
River Basin Surveys & Investigations, Total				
obligations	\$12,643,678	\$15,531,117	-733,117 (1)	\$14,798,000
Unobligated balance brought forward	-1,302,514	-1,000,117	+1,000,117 (1)	--
Unobligated balance carried forward	1,000,117	--	--	--
Total adjusted appro- priation	<u>12,341,281</u>	<u>14,531,000</u>	<u>+267,000</u>	<u>14,798,000</u>

EXPLANATION OF PROGRAM

The appropriation "River Basin Surveys and Investigations" funds activities authorized by Public Law 83-566, as amended. The Department cooperates with other federal and state agencies in making surveys and investigations of watersheds of rivers and other waterways. Activities include:

- Collection of resource data
The Department participates in:
 - Studies of agricultural and other rural land and water resources within river basins to gather basic data on existing and potential water supplies, present and future land use, current and potential economic development and existing erosion and sediment problems.
 - Studies to collect basic data on present and future agricultural water needs for irrigation, livestock, domestic, recreation, fish and wildlife use, forest based industries, and municipal and industrial water needs.
- Determination of problems and potentials
Studies and investigations are made of agricultural, rural, and upstream water and land resources and problems to determine corrective actions needed and potentials for development.
- Plan formulation
The Department participates in the formulation of coordinated river basin plans. Evaluations include studies of:
 - erosion, floodwater, and sediment damage to rural lands and properties,
 - impaired drainage of agricultural lands,
 - agricultural drought problems and irrigation requirements,
 - agricultural water needs for livestock and domestic use,
 - recreation demand,
 - fish and wildlife needs,
 - forest-based industries,
 - municipal and industrial water needs.

The planning activity gives consideration to finding alternative combinations of land treatment, structural and nonstructural measures to solve the area's problems, meet the identified needs, and develop the indicated potentials.

- Flood hazard analyses:
 - are carried out in cooperation with state and local governments,
 - are made on selected flood plain reaches,
 - identify flood hazard areas,
 - provide information needed by local governments to implement land use and flood plain management plans,
 - provide reports which include flood profiles and maps showing areas subject to flooding under specified flood frequencies,

The following tabulation shows the number of surveys and obligations by type of survey for fiscal years 1974, 1975, and 1976.

(Dollars in thousands)

Explanation	1974 Actual		1975 Estimate		1976 Estimate	
	No.	Amount	No.	Amount	No.	Amount
1. Type of survey and amounts obligated :						
(a) Comprehensive Framework Surveys :						
(1) Surveys initiated during yr:	0	--	0	--	0	--
(2) Initiated cumulative on						
June 30	12	--	12	--	12	--
(3) Continuing prior year						
surveys	0	--	0	--	0	--
(4) Surveys completed during yr:	0	--	0	--	0	--
(5) Completed cumulative on						
June 30	12	--	12	--	12	--
(6) Work in progress on June 30:	0	--	0	--	0	--
Total Comprehensive Framework						
Surveys Worked During Year.....	0	--	0	--	0	--

(Continued)

Explanation	1974 Actual		1975 Estimate		1976 Estimate	
	No.	Amount	No.	Amount	No.	Amount
(b) Comprehensive Detailed Surveys:						
(1) Surveys initiated during year	2	\$ 222	0	--	3	1/ (\$ 130)
(2) Initiated cumulative on June 30	24	--	24	--	27	--
(3) Continuing prior year surveys	6	1,187	8	972	3	493
(4) Surveys completed during year	0	--	5	(225)	2	(229)
(5) Completed cumulative on June 30	16	--	21	--	23	--
(6) Work in progress on June 30	8	--	3	--	4	--
Total Detailed Surveys Worked During Year	8	1,409	8	972	6	493
(c) Surveys in cooperation with state and other Federal agencies:						
(1) Surveys initiated during year	2	52	7	784	5	292
(2) Initiated cumulative on June 30	87	--	94	--	99	--
(3) Continuing prior year surveys	55 2/	9,096	48	10,504	44	9,736
(4) Surveys completed during year	9	(1,305)	11	(992)	9	(1,594)
(5) Completed cumulative on June 30	39 3/	--	50	--	59	--
(6) Work in progress on June 30	48	--	44	--	40	--
Total Cooperative Surveys Worked During Year	57	9,148	55	11,288	49	10,028
Total, Surveys and obligations	65	10,557	63	12,260	55	11,521
2. Flood hazard analyses:						
(a) States with studies underway ..	28	1,015	32	1,232	35	1,247
(b) Reports completed	13	--	17	--	18	--
3. Inter-regional economic analyses..	XX	283	XX	293	XX	330
4. Inter-agency coordination and program formulation	XX	789	XX	1,746	XX	1,700
Total obligations	XX	12,644	XX	15,531	XX	14,798

1/ To be centrally funded by the Water Resources Council.

2/ Includes review studies of Cape Fear, Yazoo-Mississippi, and Tombigbee River Basin.

3/ In addition, there have been 24 interim reports completed in the Colorado River, Oregon River, Sevier River, Florida Rivers, and Central Lahontan studies.

INCREASES AND DECREASES

- (1) An increase of \$267,000 in appropriation for River Basin Surveys and investigations (\$14,531,000 appropriated in FY 1975). On the basis of available funds, there is a decrease of \$733,117 consisting of:

(a) An increase of \$157,000 for annualization of pay increases effective in FY 1975.

(b) An increase of \$110,000 for space rental costs.

Under current procedure the Agency is required to budget for the cost of agency occupied GSA controlled space. The 1975 Appropriation Act limited the Department to paying 90 percent of the standard level user charge used in the computing of the 1975 request. For FY 1976 the Budget reflects 100 percent funding for the estimated billings provided by the General Services Administration.

(c) A decrease of \$1,007,117 for nonrecurring work in 1975.

The 1975 Budget estimate anticipated the use of \$60,000 in carryover balances. The current 1975 estimate includes the use of an additional \$940,000 to complete work initiated in 1974. The program level for 1976 is based on these reductions, offset by the increase of \$267,000 for pay and GSA costs. If in 1975 all available funds are not obligated, they will automatically be carried forward and added to the 1976 appropriation.

TRANSITION BUDGET

River Basin Surveys and Investigations

Transition Budget Estimate \$3,700,000

JUSTIFICATION OF TRANSITION BUDGET ESTIMATE

The funds requested represent one-fourth of the budget estimate for FY 1976.

STATUS OF PROGRAM

Current Activities: Section 6 of the Watershed Protection and Flood Prevention Act (Public Law 566, 83rd Congress), as amended (16 U.S.C. 1001-1008) provides for cooperation with other federal, state, and local agencies in making investigations and surveys of river basins as a basis for the development of coordinated water resource programs. Reports of the investigations and surveys are prepared to serve as a guide for the development of agricultural, rural, and upstream watershed aspects of water and related land resources. They are also used as a basis for coordination of this development with downstream and other phases of water development.

Interagency Coordination

Interagency coordination and program formulation in water and related land resources are achieved at the federal level through the Water Resources Council. The Secretary of Agriculture is a member of the Council. The Council maintains a number of standing committees, technical committees, and ad hoc work groups on which the Department is represented. At the field level, coordination is achieved through River Basin Commissions, Interagency Committees, or ad hoc coordinating committees. The Soil Conservation Service provides the Department member on each of these coordinating groups.

Surveys and Investigations

As its part in cooperative river basin surveys and investigations, the Department analyzes and projects the agricultural, forestry, and related economics of the basin, including the use of land and water, and their relationship to the total economy of the basin or region. It studies and investigates agricultural, rural, and upstream water and related land resources and problems to determine corrective actions needed and potentials for development. Evaluations include studies of erosion, floodwater, and sediment damage to rural lands and properties, impaired drainage of agricultural lands, agricultural drought problems and irrigation requirements, water needs for livestock and rural domestic use, recreation, fish and wildlife, forest-based industries, and municipal and industrial potential.

The inventories and analyses of potential water and related land resource developments in upstream watersheds include water storage capacity, the effect of land use and management practices on water quality and flow characteristics, and the potential hydrologic effect of agricultural, rural, and upstream watershed development. Consideration also is given to the effects of potential water resource development projects on lands and programs administered by the Department.

The Department participates in the formulation of coordinated comprehensive plans for, or approaches to, water and related land resource developments. It is particularly concerned with upstream watershed projects and their relationship to major works of other agencies.

There are three types of investigations and surveys conducted--the comprehensive framework surveys of water resource regions, comprehensive detailed river basin surveys, and cooperative river basin surveys. The first two types are carried out jointly by the concerned Federal Departments and the involved states and are coordinated at the federal level by the Water Resources Council. Cooperative surveys are carried out at the request of state agencies or, in some cases, other federal agencies and are coordinated at the state level.

Program Assignments

The Soil Conservation Service has leadership responsibility for administration of river basin planning work authorized under Section 6 of the Watershed Protection and Flood Prevention Act, including the development of general principles, criteria, and procedures; determination of land resources availability and land uses; appraisals of physical problems and development needs; determination of development potential of upstream watersheds; and program coordination with the Water Resources Council and member agencies.

The Forest Service is responsible for aspects of river basin planning relating to woodlands and forested lands, both Federal and non-Federal, and rangelands administered within or in conjunction with National Forests and for the analysis and projection of economic activity related to forest industries.

The Economic Research Service is responsible for basin-wide economic aspects of planning; developing agricultural economic base information and projections of agricultural production, employment, income, rural population and land use for the economic analysis of agricultural water management needs and potentials; and evaluates the economic impact of water resource development plans on agriculture and related sectors of the economy.

Other agencies in the Department participate in reviews and provide inputs where items of concern to the agency are involved.

The following table shows the amounts of funds obligated for river basin investigations and coordination in 1974 and estimates for 1975 and 1976 by agency:

Agency	1974 Obligations	1975 Estimate	1976 Estimate
Soil Conservation Service	\$ 8,975,773	\$11,321,117	\$10,500,000
Economic Research Service	2,100,972	2,414,000	2,476,000
Forest Service	1,566,933	1,796,000	1,822,000
Total	\$12,643,678	\$15,531,117	\$14,798,000

Selected Examples of Recent Progress:

Comprehensive Framework Surveys.

The Senate Select Committee on National Water Resources formed in 1959 recommended, and in 1962 the Administration adopted the objective, that surveys and investigations be made of all the river basins of the country by 1970. As a result, the Water Resources Council and the Office of Management and Budget established a schedule for the completion of comprehensive framework surveys of the 21 major water resource regions encompassing the Nation (including Alaska and Hawaii). Twelve surveys in 14 of these regions have been initiated and twelve have been completed. No funding for this type of survey is planned for 1976.

Comprehensive Detailed Surveys.

Twenty-four comprehensive detailed river basin surveys have been initiated by the Water Resources Council and the Office of Management and Budget. As of June 30, 1974, sixteen of these surveys have been completed, five are scheduled to be completed by the end of fiscal year 1975. There will be three surveys initiated in 1976 with funds from the Water Resources Council. There will also be three surveys continuing from 1975, two of which are scheduled to be completed in fiscal year 1976.



River Basin Surveys and Investigations identify present and expected water and related land problems. River basin plans are developed to solve or reduce problems such as flooding.

Urban development in flood plains and increased runoff from paved streets and roof tops result in enormous damages each year. The photo above shows Columbia River flood damage to Vanport, Oregon in 1948. River basin plans and flood hazard analyses identify flood prone areas for local use in flood plain management. The photo below shows floodwater rising harmlessly on an Allentown, Pa. park. Housing has been confined to higher elevations where there is no flood hazard.



Cooperative Surveys with States and Concerned Federal Agencies.

In addition to participating in these federally coordinated comprehensive surveys, the Department cooperates with state and concerned federal agencies in preparing or updating state water resource plans. The Department helps states coordinate upstream and downstream elements of needed water and related land resource developments. In most cases, cooperative surveys are as detailed as the surveys for regional and river basin plans. Since 1960, the Department has participated in 87 cooperative surveys and has completed 39.

Early indications from framework studies are that approximately 200 river sub-basins will require detailed comprehensive surveys or cooperative surveys. The Department of Agriculture must participate in these to assure proper consideration and development of rural, agricultural, and upstream areas along with major reservoir developments of state, private, and other federal agencies.

Flood Hazard Analyses

The Soil Conservation Service assists state and local agencies in making flood hazard investigations on selected stream reaches in accordance with the provisions of House Document No. 465, 89th Congress, 2d Session, Recommendation 9(c). This recommendation provides that limited technical assistance should be given state and local planners in the preparation of flood plain regulations and the application of flood data for assessing flood plain location. Preliminary reports are being prepared for guidance in areas where assistance is needed before a full flood hazard information report can be prepared in accordance with Recommendation 9(c) or where a full report is not scheduled. The studies are based on a plan of work which is developed with the appropriate state agency and compatible with the flood hazard study plans of the Corps of Engineers.

During fiscal year 1974 assistance was provided to 28 states, namely: Alabama, California, Colorado, Connecticut, Georgia, Indiana, Idaho, Kansas, Maine, Maryland, Massachusetts, Michigan, Minnesota, Montana, North Carolina, New Hampshire, New Jersey, North Dakota, Ohio, Oregon, Rhode Island, Tennessee, Texas, Utah, Vermont, Virginia, Washington, and Wisconsin. Requests for this type of service are being received from many additional states. It is estimated that 35 states will have initiated studies by 1976.

River Basin Surveys

River basin surveys, states involved, cooperating agencies, and actual or estimated obligations are:

(Dollars in Thousands)

River Basin or Region	States Involved	Cooperating Agencies	Obligations		
			1974 Actual	1975 Estimate	1976 estimate
	Comprehensive Framework Surveys				

Twelve studies have been completed covering thirteen regions. No new comprehensive framework surveys are planned while the current National Water Assessment is in progress.

River Basin Surveys (cont'd)

(Dollars in Thousands)

River Basin or Region	States Involved	Cooperating Agencies	Obligations		
			1974 : Actual	1975 : Estimate	1976 : Estimate
<u>Comprehensive Detailed Surveys</u>			:	:	:
Red River Below	:	:	:	:	:
Denison Dam.....	:La., Ark., Okla., and Texas	:Other Federal	(-12)	--	--
Southeastern New England Region.....	:Mass., R.I., & Conn.	:Other Federal	156	31	--
Long Island Sound.....	:Conn., & New York	:Other Federal	128	21	--
Platte River.....	:Nebraska	:State & Other	265	94	--
	:	: Federal	:	:	:
Pacific Northwest CCJP.	:Ore., Wash, Idaho, Mont., Wyo.	:State & Other	379	330	264
	:	: Federal	:	:	:
Hawaii Regional Plan...	:Hawaii	:State & Other	216	79	--
	:	: Federal	:	:	:
Conn Supplemental.....	:Connecticut	:State & Other	55	--	--
	:	: Federal	:	:	:
Maumee.....	:Ind., Mich., Oh.	:State & Other	165	282	163
	:	: Federal	:	:	:
Minn. St. Paul.....	:Minnesota	:State & Other	57	135	66
	:	: Federal	:	:	:
Yellowstone.....	:Mont., N.D., & Wyo.	: State	--	--	1/ (80)
Ohio Main Stem.....	:Pa., W.Va., Oh., Ky., Ind., & Ill.	: State	--	--	1/ (50)
Hudson River.....	:New York	: State	--	--	1/ (76)
Subtotal, Comprehensive Detailed Surveys.....	:	:	1,409	972	493
<u>Cooperative Surveys with States and Concerned Federal Agencies</u>			:	:	:
Cape Fear.....	:North Carolina	:Corps of Engineers	41	32	--
Yazoo-Mississippi River Delta.....	:Mississippi	: State	154	39	--
Tombigbee.....	:Miss. & Ala.	: State	150	213	137
Oregon Rivers.....	:Oregon	: State	161	246	217
Colorado Rivers.....	:Colorado	: State	162	294	282
Florida Rivers.....	:Florida	: State	302	334	360
Arkansas River in Kansas.....	:Kansas	: State	6	13	--
Upper Rio Grand.....	:New Mexico	: State	17	--	--
Central Lahontan.....	:Nevada & California	: State	232	160	--
Elkhorn, Big Blue, Nemaha & Niobrara Rivers.....	:Nebraska	: State	62	39	--
James River.....	:Virginia 2/	: Corps of Engineers	37	79	49

1/ To be centrally funded by the Water Resources Council.

2/ The James River Basin USDA report was completed in 1974. Work is continuing in FY 1975 and 1976 to assist the Commonwealth of Virginia in the interpretation and use of study data in the state planning efforts.

River Basin Surveys (cont'd)

(Dollars in Thousands)

River Basin or Region	States Involved	Cooperating Agencies	Obligations		
			1974 : Actual	1975 : Estimate	1976 : Estimate
Cooperative Surveys with States and Concerned Federal Agencies (cont'd)					
Santee River.....	:South & North Carolina	: State	: 16	: --	: --
Western New York Basins	:New York	: State	: 183	: --	: --
Muskingum River Basin..	:Ohio	: Corps of Engineers	: 124	: --	: --
Southeast Michigan River	:Michigan	: Corps of Engineers	: 90	: 14	: --
Southwest Washington Rivers.....	:Washington	: State	: 137	: 120	: --
Southeast Wisconsin Rivers.....	:Wisconsin	: State	: 19	: --	: --
Southwest Louisiana Rivers.....	:Louisiana	: State	: 57	: --	: --
Republican River.....	:Nebraska	: State	: 13	: 139	: 238
Green & Kentucky Rivers	:Kentucky & Tennessee	: State	: 188	: 151	: 224
Massachusetts Water Resources Study.....	:Massachusetts	: State	: 136	: 215	: 202
Hawaiian Rivers.....	:Hawaii	: State	: 79	: 171	: 24
Wind, Big Horn, Clarks Fork, & Green Rivers..	:Wyoming & Montana	: State	: 222	: 280	: 281
Blackwater-Lomine.....	:Missouri	: State	: 187	: 78	: --
Southwest Ohio.....	:Ohio	: State	: 65	: 104	: 171
Texas Coastal Basins...	:Texas	: State	: 187	: 210	: 187
Black Warrior - Alabama Rivers.....	:Alabama	: State	: 213	: 282	: 276
Ashley-Combahee-Edisto.	:South Carolina	: State	: 136	: 168	: 119
St. Francis.....	:Arkansas & Missouri	: State	: 64	: --	: --
Southern Minnesota Rivers.....	:Minnesota	: State	: 237	: 313	: 301
Kankakee-Elkhart.....	:Indiana	: State	: 202	: 228	: 164
Eastern New York.....	:New York	: State	: 115	: 325	: 293
Iowa-Cedar Rivers.....	:Iowa	: State	: 209	: 212	: --
Obion-Forked Deer.....	:Tennessee	: State	: 158	: 250	: 254
Monongahela.....	:West Virginia	: State	: 81	: 195	: --
Santa Cruz-San Pedro...	:Arizona	: State	: 215	: 201	: 113
San Gabriel.....	:California	: State	: 20	: --	: --
Western Water Planning.	:Colo., N.M., Ariz., :Utah, Calif., Ore., :Wash., Mont., Idaho, :Wyo., Nev.	: Bureau of Reclamation	: 667	: --	: --
Chicago Metro River Basin.....	:Illinois - Chicago	:Chicago MSD	: 491	: 339	: 276
Bear River.....	:Utah, Wyo., Idaho	: State	: 276	: 354	: 340
Snake River.....	:Idaho & Wyoming	: State	: 247	: 386	: 382
Tar-Neuse Rivers.....	:North Carolina	: State	: 184	: 251	: 215
Western S.D. Rivers Area	:South Dakota	: State	: 143	: 265	: 269
Clark Fork.....	:Montana	: State	: 135	: 275	: 237
San Joaquin.....	:California	: State	: 321	: 329	: 284
Arkansas-White, Red, New Mexico.	:New Mexico	: State	: 130	: 262	: 258
Pocatalico.....	:West Virginia	: State	: 218	: 90	: --
Quachita.....	:Arkansas & Louisiana	: State	: 438	: 494	: 504

River Basin Surveys (cont'd)

(Dollars in Thousands)

River Basin or Region	States Involved	Cooperating Agencies	Obligations		
			1974 : Actual	1975 : Estimate	1976 : Estimate
<u>Cooperative Surveys with States and Concerned Federal Agencies (cont'd)</u>					
Red River Above Denison Dam.....	Oklahoma, Texas	State	232	375	337
Chowan.....	Virginia	State	41	90	33
Upper Columbia River...	Washington	State	104	192	242
North Platte River.....	Wyoming	State	80	174	182
Kalamazoo River.....	Michigan	State	192	257	265
Nonconnah, Wolf and Loosahatchie.....	Tennessee	State	76	60	46
Cooperative Resource Assess & Support Activities.....		21 States who Serve as USDA Regional Leaders	77	333	295
Pennsylvania Analytical Summary.....	Pennsylvania	State	63	119	128
Delmarva.....	Md., Del., Va.	State	165	224	213
Wisconsin River.....	Wisconsin	State	158	270	254
No. Missouri River Tribes	Missouri	State	--	235	265
Mississippi Statewide Analytical Summary....	Mississippi	State	33	262	306
Little Colorado Basin..	Arizona	State	--	113	228
Southern Iowa Rivers...	Iowa	State	--	114	275
Yadkin, PeeDee Rivers..	South Carolina	State	--	77	116
Potomac River.....	West Virginia	State	--	40	289
Virgin River.....	Nevada	State	--	102	197
Colorado River Salinity Study.....	Colorado	State	--	83	315
New River.....	Tennessee	State	--	10	70
Upper Allegany.....	N.Y., Oh., Pa., W.Va.	State	--	10	23
	Md.				
Arkansas State Wide....	Arkansas	State	--	--	100
Canadian River.....	N.Mex., Ok., Tex.	State	--	--	97
Sacramento.....	Calif., Or.	State	--	--	95
Subtotal, Cooperative Surveys.....			9,148	11,288	11,028
Total River Basin Surveys			10,557	12,260	11,521
Interregional Economic Analysis.....			283	293	330
Flood Hazard Analysis..			1,015	1,232	1,247
Interagency Coordination: & Program Formulation.			789	1,746	1,700
TOTAL OBLIGATIONS RIVER BASIN SURVEYS			12,644	15,531	14,798

Typical River Basin Surveys and Flood Hazard Analyses

The following examples are representative of the surveys and investigations underway:

Platte River Basin (Comprehensive Detailed Study) - Nebraska: The Department and other Federal agencies are cooperating with the State of Nebraska in a comprehensive detailed survey of the water and related land resources of the Platte River Basin in Nebraska.

Study management is provided by the Missouri River Basin Commission. Overall study guidance is being provided by the Platte River Basin Planning Board composed of representatives from USDA, Department of the Army, Department of the Interior, the Environmental Protection Agency and the State of Nebraska. The Board is directly responsible for task force assignments, budgeting, plan formulation and report preparation. The Study Manager is chairman of the Planning Board. A citizen Advisory Committee has been established to assist in guiding the study. This study will identify the water and related land resource problems, and assist local interests in selecting a recommended plan of action to be taken by all levels of government and local interests. Some of the known problems in the Basin which are being addressed include the need for recreation; fish and wildlife habitat; water for irrigation, domestic and commercial use; and conservation needs of erosion control, channel stability, and drainage.

The area has recreation, fishing and wildlife resource potentials that should be planned and protected. The survey will provide valuable information to guide decisionmakers in selecting alternative courses of action which include consideration of environmental and economic development needs. The Soil Conservation Service, Forest Service, and Economic Research Service are participating in the study for the Department. The study, initiated in fiscal year 1972, is scheduled for completion in fiscal year 1975.

Delmarva Peninsula Basin (Cooperative Survey) - Delaware, Maryland and Virginia: The States of Maryland, Delaware, and the Commonwealth of Virginia requested the Department to cooperate in conducting a survey and investigation of the Delmarva River Basin. The study covers the entire Delmarva Peninsula from the Chesapeake and Delaware Canal south to Cape Charles. This area of about 7,500 square miles includes all of the Maryland Eastern Shore and the State of Delaware below the Canal, and the Virginia Eastern Shore. The objective of the study is to develop alternative solutions to problems and to select a plan for orderly development of the area giving full consideration to the environmental, economic, and other related values involved. One of the major problems of the study area is to collect and dispose of damaging flood water on agricultural and urban lands while retaining certain key wetland areas. Flooding and inadequate drainage cause over \$10 million damage a year on more than 600,000 acres. There is also an increasing problem of competing land resource utilization between urban, agricultural, industrial and recreational interest. Changing land use without adequate planning has degraded the environment and exploited water and related land resources. Erosion, sedimentation and inadequate municipal, industrial and irrigation water supply are also problems of concern. Recreation and fish and wildlife needs in relation to the areas unique resources will be studied.

Participating in the study are the Maryland Department of Natural Resources, the Maryland Department of Agriculture, the Delaware Department of Natural Resources and Environmental Control, The Virginia Soil and Water Conservation Commission, other state and local government agencies, and regional planning commissions and councils. Information gathered will be made available to interested groups and individuals so that a coordinated plan can be developed to serve the best interest of all who are concerned with the Delmarva River Basin. The Soil Conservation Service, Forest Service, and Economic Research Service are participating in the study for the Department. The study, initiated in fiscal year 1973, is scheduled for completion in fiscal year 1977.

Powhatan Creek, James County, Virginia, Flood Hazard Analyses: Urban development in the flood plain of Powhatan Creek is a growing problem recognized by the James County Board of Supervisors and the Colonial Soil and Water Conservation District. The Soil Conservation Service was requested to assist these local sponsors acquire

detailed flood hazard information on 16 miles of stream in this area of increasing population near Williamsburg, Virginia. The study is now being conducted in accordance with a Joint Coordination Agreement between the SCS and the Virginia Bureau of Water Control Management, State Water Control Board. The local sponsors and state agency are funding almost one-third the costs, as well as providing all available engineering surveys and base maps; providing publicity and securing necessary permission for survey access; providing assistance in establishing the estimates of land use and the anticipated future land use; and printing and distributing the final report. The SCS is responsible for performing the technical phases of the study and preparing a report of findings which will include flood profiles, elevation-frequency data, and maps showing the areas subject to inundation by the 10-year, 50-year, 100-year, and 500-year frequency events. The objective of this flood hazard analysis is to provide officials of the County with data needed to designate the floodway and flood zone. This will be used as a basis to develop an effective flood plain management program. This study and others in Virginia and 27 other states are being carried out by the SCS under mutual agreement with the responsible state agency under authority of Section 6, PL 85-566, in accordance with Recommendation 9(c) of House Document No. 89-465, and in compliance with E O. 11296, dated August 10, 1966.

(c) Watershed Planning

Appropriation Act, 1975	\$10,760,000
Budget Estimate, 1976	11,236,000
Increase in Appropriation	+476,000

Adjustments in 1975:

Appropriation Act, 1975	\$10,760,000	
1975 Supplemental Appropriation		
for pay costs	+ 339,000	
Adjusted base for 1976		11,099,000
Budget estimate, 1976		11,236,000
Increase over adjusted 1975		+137,000

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

	<u>1975</u>	<u>Increase or Decrease</u>	<u>1976 Estimate</u>
Small watershed project investiga- tions & planning	\$10,376,000	- -	\$10,376,000
GSA Space rental cost	384,000	+18,000	402,000
Annualization of pay cost increase effective in FY 1975	339,000	+119,000	458,000
Total available	<u>11,099,000</u>	<u>+137,000</u>	<u>11,236,000</u>

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1974	1975 (estimated)	Increase or Decrease	1976 (estimated)
Small watershed proj- ect investigations & planning, Total ad- justed appropriation	\$10,094,668	\$11,099,000	+137,000	\$11,236,000
Transfer to GSA	+1,581	--		
Proposed supplemental for pay increase costs	--	-339,000		
Total, appropriation	<u>10,096,249</u>	<u>10,760,000</u>		

PROJECT STATEMENT
(On basis of available funds)

Project	1974	1975 (estimated)	Increase or Decrease	1976 (estimated)
Small watershed proj- ect investigations & planning, Total obli- gations	\$10,203,259	\$12,293,805	-\$1,057,805	\$11,236,000
Unobligated balance brought forward	-1,303,396	-1,194,805	+1,194,805	--
Unobligated balance carried forward	1,194,805	--	--	--
Total adjusted appro- priation	<u>10,094,668</u>	<u>11,099,000</u>	<u>+ 137,000</u>	<u>11,236,000</u>

EXPLANATION OF PROGRAM

The appropriation "Watershed Planning" funds activities authorized by the Watershed Protection and Flood Prevention Act (Public Law 83-566), as amended, which relate to planning of individual watershed projects.

The Department makes surveys of proposed small watershed projects and prepares work plans in cooperation with local sponsors. The planning activities consist of:

Cooperation between the federal government and state governments and their political subdivisions in assisting local sponsoring organizations develop work plans for proposed watershed projects,

- Conducting surveys and investigations to determine the land and water resource problems and opportunities within the watershed,
 - Studying alternatives to provide the best combination of land treatment, nonstructural and structural measures for the protection, conservation, development, management and utilization of land, water and related resources,
 - Compiling information that is the basis for mutual agreement by the Department, local organizations and the public concerning the possible alternative solutions which will best meet environmental, social and economic goals,
- Making environmental assessments concurrently with other planning efforts for every proposed watershed project,
Preparing environmental impact statements and making them available to the public.

The watershed work plans:

- Identify the soil and water management problems in the watershed.
- List the steps that have been or are authorized to be taken to alleviate these problems.
- Outline the proposed works of improvement to be installed.
- Itemize the estimated benefits and costs.
- Set out the cost-sharing and operation and maintenance arrangements.
- Present other facts necessary to justify federal participation in project development.

The following table shows actual and projected progress in watershed planning and its relationship to project installation.

Explanation	1974 Actual	1975 Estimate	1976 Estimate
-------------	----------------	------------------	------------------

Status of project planning:

Planning in process start of year.....	287	250	210
New authorizations during year.....	10	40	10
Completed plans during year.....	21	55	28

Status of project operations:

Uncompleted projects start of year.....	722	717	727
Projects approved for operations.....	18	40	40
New construction starts...	33	45	0

INCREASES AND DECREASES

'1) An increase of \$137,000 in appropriation for Watershed Planning (\$11,099,000 appropriated in FY 1975). On the basis of available funds, there is a decrease of \$1,057,805, consisting of:

(a) An increase of \$119,000 for annualization of pay increases effective in FY 1975.

(b) An increase of \$18,000 for space rental costs.

Under current procedure the Agency is required to budget for the cost of agency occupied GSA controlled space. The 1975 Appropriation Act limited the Department to paying 90 percent of the standard level user charge used in the computing of the 1975 request. For FY 1976 the Budget reflects 100 percent funding for the estimated billings provided by the General Services Administration.

(c) A decrease of \$1,194,805 for nonrecurring work in 1975.

The 1976 Budget estimate anticipated the use of \$535,000 in carryover balances. The current 1975 estimate includes the use of an additional \$659,805 to complete work initiated in 1974. The program level for 1976 is based on these reductions, offset by the increase of \$137,000 for pay and GSA costs. If in 1975 all available funds are not obligated, they will be automatically carried forward and added to the 1976 appropriation. .

TRANSITION BUDGET

Watershed Planning

Transition Budget Estimate \$2,809,000

JUSTIFICATION OF TRANSITION BUDGET ESTIMATE

The funds requested represent one-fourth of the budget estimate for FY 1976.

STATUS OF PROGRAM

Current Activities: The Watershed Protection and Flood Prevention Act (Public Law 566, 83rd Congress), as amended (16 U.S.C. 1001-1008) provides for cooperation between the federal government and the states and their political subdivisions in a program of watershed planning. The watershed planning work of the Department consists of assisting sponsoring local organizations develop their watershed plan by making investigations and surveys on watersheds not exceeding 250,000 acres. The soil erosion, water and land management, and sedimentation problems in a watershed are described and works of improvement proposed to alleviate these problems. The resulting watershed plans form the basis for installing needed works of improvement. Plans also include conservation land treatment needed to further the conservation, development, management, and utilization of land, water and related resources. Plans include estimated benefits and costs, cost-sharing and operation and maintenance arrangements, and other information necessary to justify federal assistance for carrying out the plan.

Developing Watershed Work Plans

Watershed project planning is a coordinated investigation of the physical, environmental, social, and economic conditions inherent in a particular watershed. Planning also includes analyses of alternative methods to find an acceptable solution to watershed problems.

When planning activities disclose that a watershed project may provide substantial benefits from flood prevention or agricultural water management, other phases of conservation, development, management, and utilization of land, water and related resources are considered. This includes purposes such as municipal and industrial water supply, recreation, fish and wildlife, groundwater recharge, water quality management, control of agriculture-related pollution and disposal of solid wastes.

A team of technicians including soil conservationists, economists, hydrologists, geologists, foresters, and engineers plan watersheds. They are supported by help from specialists in the fields of soil science, biology, plant technology, and recreation. Interested federal, state, and local agencies and the general public are given an opportunity and encouraged to participate in and contribute to the planning process. This assures that works of improvement included in work plans are in harmony with other projects and programs. Each watershed is planned to meet local objectives and be compatible with regional and national goals. The plan must be one which the local people are able, willing, and ready to install with assistance provided under the program, and one which they can and will effectively operate and maintain.

Environmental assessments are made by the Soil Conservation Service on each watershed project. Inputs and assistance are solicited from others. These assessments are integrated into the planning process at the earliest possible stage. Environmental statements are submitted for review and comment to local, state, and federal agencies and are available to the general public. This provides an opportunity to obtain formal comments from a wide range of interests in the environmental evaluation of each project before firm commitments are made and construction begins.

Program Assignments

The Soil Conservation Service has general responsibility for administration and carrying out of watershed planning work authorized by the Watershed Protection and Flood Prevention Act.

The Forest Service is responsible for planning the forestry measures for National Forest lands and for fire prevention forestry measures on non-federal forest lands in the watersheds. The Economic Research Service assists with development of criteria to be used in economic analysis of watershed projects.

The following table shows the amount of funds obligated for small watershed project investigations and planning in 1974 and estimates for 1975 and 1976 by allocation account agencies:

Agency	1974 Obligations	1975 Estimate	1976 Estimate
Soil Conservation Service.....	\$ 9,567,563	\$11,584,805	\$10,516,000
Economic Research Service.....	7,200	34,000	35,000
Forest Service.....	628,496	676,000	685,000
Total.....	\$10,203,259	\$12,293,805	\$11,236,000

In addition to those agencies receiving allocations, other Federal agencies are reimbursed for services as needed. The Department of Interior's Bureau of Land Management and Bureau of Indian Affairs are provided funds when needed to plan watershed measures for Federal lands which they administer. The National Oceanic and Atmospheric Administration of the Department of Commerce and the U.S. Geological Survey of the Department of Interior provide precipitation and runoff data needed in the development of plans.

Selected Examples of Recent Progress: During fiscal year 1974, the Department received 30 state-approved applications for watershed planning assistance from local sponsors of proposed small watershed projects. Applications on hand were reviewed and 62 were withdrawn during the year. This brought the total number of applications on hand from local organizations to 2,902 as of June 30, 1974. These applications covered 225,727,100 acres in the 50 states and Puerto Rico. During fiscal year 1974, 10 applications were approved for planning assistance which brought to 1,686 the total number that have been approved for planning since inception of the program. Watershed plans had been completed on 1,112 of these watersheds as of June 30, 1974, and planning had been suspended or terminated on 290 other watersheds on which planning had been authorized previously. Suspensions and terminations were at the request of sponsoring local organizations or with their concurrence when it became evident that planning activity would be significantly delayed due to local problems or could no longer be justified. As of June 30, 1974, there were 515 unprocessed applications for watershed planning assistance.

The following table shows applications received and actual and projected progress in planning small watershed projects:

Activity	1974 Actual	1975 Estimate	1976 Estimate
1. Applications for planning assistance:			
On hand, cumulative, start of year...	2,934	2,902	2,907
Net change during year.....	-32	5	10
On hand, cumulative, June 30.....	2,902	2,907	2,917



Watershed planning provides local sponsors with evaluations necessary to determine how to best manage their flood plain. Reduction of damage to farmsteads like this one in West Virginia, above, could require a combination of structural and nonstructural measures.

Small watershed structures like this one below, protect agricultural land and many small rural communities from serious flood damage. In addition, they often provide storage for municipal water supply, recreation, and fish and wildlife.



Activity	1974 Actual	1975 Estimate	1976 Estimate
Consisting of:			
a. Unprocessed applications (backlog).....	515	455	435
b. Not suitable for planning...	701	726	746
c. Authorized for planning.....	1,686	1,726	1,736
2. Status of planning:			
Authorized, cumulative, start of year.....	1,676	1,686	1,726
LESS:			
Suspended or terminated, cumula- tive, start of year.....	264	290	315
Completed, cumulative, start of year.....	1,125	1,112	1,167
Planning in process start of year	287	250	210
New authorizations during year..	10	40	10
Authorized planning in process . during year.....	297	290	220
LESS:			
Suspended or terminated during year.....	26	25	20
Completions during year.....	21	55	28
Planning in process, end of year	250	210	172
<u>1/</u> Reduced 34 to exclude plans in formal interagency review. Plans are no longer considered completed until after the interagency review and the plan is signed by the responsible Federal official.			

Watershed Planning Progress by State

Following is a table showing by state the number of applications received in Washington, D.C., authorized for planning assistance and work plans completed as of June 30, 1974:

State	Applications Received		Planning Authorized		Work Plans Completed	
	No.	Acres(1000)	No.	Acres(1000)	No.	Acres (1000)
Alabama	62	4,289.7	40	2,919.2	28	1,882.7
Alaska	2	204.8	0	0	0	0
Arizona	32	3,298.6	17	1,922.7	12	1,054.3
Arkansas	107	8,350.6	73	6,146.0	51	3,031.5
California	79	5,568.8	47	3,182.1	21	909.4
Colorado	59	5,151.1	29	2,022.5	16	967.4
Connecticut	21	345.7	14	273.7	8	139.6
Delaware	6	357.8	4	281.9	4	281.9
Florida	76	5,163.5	35	2,381.2	20	1,231.0
Georgia	153	10,536.3	75	5,271.3	61	3,839.2
Hawaii	11	530.9	9	506.1	6	282.7
Idaho	48	5,124.0	17	1,365.5	6	303.1
Illinois	68	4,099.2	40	2,288.9	20	991.8
Indiana	111	8,630.5	54	4,227.3	31	2,087.8
Iowa	96	2,754.6	53	1,094.1	43	808.3
Kansas	96	10,658.7	68	7,209.5	42	3,893.7
Kentucky	59	3,722.1	42	2,856.4	31	2,141.4
Louisiana	71	8,132.1	51	6,059.2	31	3,569.6
Maine	27	2,022.1	16	1,044.1	9	427.1
Maryland	39	1,618.8	28	865.9	17	275.7
Massachusetts	23	1,013.4	16	603.5	10	457.3

State	Applications Received		Planning Authorized		Work Plans Completed	
	No.	Acres(1000)	No.	Acres(1000)	No.	Acres (1000)
Michigan	44	2,807.4	25	1,211.5	18	688.3
Minnesota	44	3,493.1	25	2,130.9	14	1,101.9
Mississippi	88	6,647.9	66	5,160.9	49	3,587.8
Missouri	78	6,093.0	32	2,365.1	18	736.9
Montana	50	3,667.7	24	1,280.5	11	357.6
Nebraska	83	7,053.8	57	3,804.3	41	2,432.5
Nevada	31	3,928.8	15	2,060.2	5	388.1
New Hampshire	14	1,041.3	12	1,021.4	6	455.3
New Jersey	24	457.5	17	376.3	12	252.7
New Mexico	80	7,927.6	39	3,246.5	25	1,413.0
New York	37	2,045.2	21	1,175.6	11	648.2
North Carolina	79	5,147.8	57	3,162.8	40	1,692.5
North Dakota	43	6,486.1	29	4,535.8	18	2,518.4
Ohio	72	7,290.1	23	2,024.0	14	944.6
Oklahoma	110	11,657.6	69	6,999.4	60	5,973.8
Oregon	58	5,820.1	23	2,098.3	13	679.4
Pennsylvania	48	2,323.5	30	1,811.7	23	1,141.2
Rhode Island	2	104.2	2	104.2	0	0
South Carolina	55	2,795.6	46	2,406.4	35	1,299.4
South Dakota	37	3,762.1	20	1,411.8	13	516.8
Tennessee	88	4,331.5	50	2,455.7	33	1,342.7
Texas	163	17,390.8	103	10,888.5	76	7,997.7
Utah	38	4,367.4	20	2,023.9	11	1,179.3
Vermont	8	699.9	8	699.9	4	62.9
Virginia	70	3,127.1	34	1,852.4	26	1,404.6
Washington	48	2,852.6	20	936.6	11	227.2
West Virginia	56	2,154.0	32	907.9	22	590.8
Wisconsin	55	2,928.1	34	2,031.7	22	1,082.5
Wyoming	47	5,409.3	22	1,884.5	11	559.3
Puerto Rico	6	342.7	5	292.8	3	252.0
TOTALS	2,902	225,727.1	1,686	124,942.6	1,112	70,102.9

Watershed planning funds obligated in 1974 by state were:

State	Total	State	Total
Alabama	\$234,076	Nebraska	\$439,292
Alaska	16,394	Nevada	71,158
Arizona	166,608	New Hampshire	76,473
Arkansas	330,948	New Jersey	119,343
California	242,003	New Mexico	136,193
Colorado	122,936	New York	151,772
Connecticut	123,625	North Carolina	243,194
Delaware	1,900	North Dakota	135,545
Florida	176,876	Ohio	190,917
Georgia	148,320	Oklahoma	218,370
Hawaii	77,860	Oregon	395,589
Idaho	44,459	Pennsylvania	443,074
Illinois	166,698	Rhode Island	31,816
Indiana	231,902	South Carolina	221,383
Iowa	122,861	South Dakota	205,803
Kansas	233,190	Tennessee	243,801
Kentucky	156,362	Texas	588,448
Louisiana	249,909	Utah	175,108

<u>State</u>	<u>Total</u>	<u>State</u>	<u>Total</u>
Maine	114,346	Vermont	26,003
Maryland	315,276	Virginia	185,202
Massachusetts	124,376	Washington	187,006
Michigan	183,683	West Virginia	261,384
Minnesota	219,757	Wisconsin	214,065
Mississippi	259,502	Wyoming	119,577
Missouri	211,456	Puerto Rico	39,760
Montana	151,096	Other Offices	656,566
		Total Watershed Planning	\$10,203,259

Sharing Watershed Planning Costs

Watershed planning staffs are available to assist local organizations in all states except Alaska. Planning services are provided in Rhode Island, Vermont and Delaware by the planning staffs headquartered in Connecticut, New Hampshire and Maryland, respectively. A number of states that are undertaking river basin surveys under authority of Section 6 of Public Law 566 have integrated their regular watershed planning staff with the river basin survey staff. This permits efficient use of technical personnel to carry out both activities. The size of the planning staffs vary according to the workload in each state. Watershed planning funds averaged approximately \$168,422 per state in 1974, ranging from \$17,000 to \$340,000.

In fiscal year 1974, state legislatures and other local organized units in 40 states and Puerto Rico appropriated or otherwise provided about \$3,258,000 to supplement federal funds for watershed planning. This was accomplished through advances, reimbursements, state-controlled watershed planning parties, or personnel provided by the states to supplement Service watershed planning staffs.

The total cost of planning a watershed project, including state funds, has increased to approximately \$350,000. This is due to increasing complexities in the planning process, broadened authority, and increased cost of operations. Federal funds average about \$265,000 of the total cost per plan.

Multiple-Purpose Projects Increasing

Although watershed protection and flood prevention remain dominant objectives of the watershed program, multiple-purpose projects have increased from 21% in 1957 to 56% in 1974. Multiple-purpose projects include additional features such as water supply, recreation, and fish and wildlife development. The increase has come about as a result of amendments to Public Law 566 which have broadened the scope of activities and added new authorities to the program.

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1974	1975 (estimated)	Increase or Decrease	1976 (estimated)
(C) Loan Services:	\$ 184,000	\$ 189,000	\$ +3,000	\$ 192,000
Subtotal, Flood Prevention Projects	46,501,592	21,445,000	+4,460,000 (2)	25,905,000
Total, adjusted appro- priation	157,846,860	124,527,000	+12,049,000	136,576,000
Transfer to GSA	+14,140	--		
Proposed Supplemental for pay increase costs	--	-1,884,000		
Total, Appropriation ..	157,861,000	122,643,000		

PROJECT STATEMENT
(On basis of available funds)

Project	1974	1975 (estimated)	Increase or Decrease	1976 (estimated)
1 Watershed Protec- tion projects:				
(A) Works of Im- provement:				
(a) Pilot watershed:	\$ 3,809	\$ --	\$ --	\$ --
(b) PL-566 watersheds:	111,253,364	117,923,288	- 7,600,288	110,323,000
(B) Loan Services:	335,299	344,000	+4,000	348,000
Subtotal, Water- shed Protection Projects	111,592,472	118,267,288	-7,596,288 (1)	110,671,000
2 Flood Prevention Projects:				
A) Works of Im- provement:				
(a) Installa- tion Mea- sures	19,917,070	30,604,825	-5,191,825	25,413,000
(b) Flood Pre- vention Emergency Measures:	20,229,843	31,291,287	-30,991,287	300,000
(B) Loan Services:	184,161	189,000	+3,000	192,000
Subtotal FP Pro- jects	40,331,074	62,085,112	-36,180,112 (2)	25,905,000
Total obliga- tions	151,923,546	180,352,400	-43,776,400	136,576,000
Unobligated balance brought forward:				
Watershed Protection projects	15,432,653	-15,185,288	+15,185,288	

PROJECT STATEMENT
(On basis of available funds)

Project	1974	1975 (estimated)	Increase or Decrease	1976 (estimated)
Flood Prevention Projects	\$-34,469,433	\$ -40,640,112	+\$40,640,112	\$ --
Unobligated balance carried forward:				
Watershed Protection projects ...	+15,185,288	--		--
Flood Prevention Projects	+40,640,112	-		--
Total, adjusted appropriation ...	157,846,860	124,527,000	+12,049,000	136,576,000

EXPLANATION OF PROGRAM

The appropriation "Watershed and Flood Prevention Operations" funds those activities authorized by the Watershed Protection and Flood Prevention Act, as amended (16 U.S.C. 1001-1005, 1007-1008) and the Flood Control Act, as amended and supplemented (33 U.S.C. 701, 16 U.S.C. 1006a) which relate to installation of individual watershed projects, flood protection subwatershed projects, and emergency watershed protection. Activities include:

Public Law 566 Watersheds

The Department provides technical and financial assistance to local organizations to install the watershed works of improvement for watershed protection, flood prevention, agricultural water management, recreation, and fish and wildlife development, and other authorized features specified in the work plans.

Any funds appropriated to install works of improvement pursuant to authorizations under the Flood Prevention, Watershed Areas, Joint Investigations and Surveys Act, P.L. 87-639, September 5, 1962, are included with those for watershed protection projects (P.L. 566). The Water Resources Development Act, P.L. 93-25, March 7, 1974, authorized funding and the Second Supplemental Appropriations Act, 1974, P.L. 93-305 provided \$1,161,000 to initiate works of improvement within the Pocatalico watershed in West Virginia. These funds are available in FY 1975.

The following table shows the status of P.L. 566 watershed projects by category of assistance provided and the average estimated obligations per project and total for all projects in each category:

Item	1973 Actual	1974 Actual	1975 (estimated)	1976 (estimated)
Total projects underway during year:	1,078	1,096	1,136	1,176
Total using funds	671	661	677	649
Projects receiving preconstruction land treatment and engineering services:				
Number of projects	173	153	147	149
Average per project	\$40,561	\$30,830	\$40,000	\$45,000
Total obligations	7,017,064	4,717,013	5,880,000	6,705,000
Projects moved into construction stage during year:				
Number of projects	33	33	45	-0-
Average per project	\$416,794	\$490,847	\$510,000	-0-
Total obligations	13,754,193	16,197,954	22,950,000	-0-

Continued				
Item	1973 Actual	1974 Actual	1975 (estimated)	1976 (estimated)
Prior year projects continuing construction and land treatment				
Number of projects	412	416	420	435
Average per project	\$168,956	\$210,023	\$202,212	\$228,630
Total obligations	69,609,790	87,369,645	84,929,000	99,454,000
Projects with construction completed continuing land treatment				
Number of projects	30	36	35	35
Average per project	\$19,964	\$52,525	\$60,000	\$60,000
Total obligations	598,934	1,890,902	2,100,000	2,100,000
Projects completed during year:				
Number of projects	23	23	30	30
Average per project	\$61,739	--	\$60,000	\$60,000
Total obligations	1,420,000:1/	-252,081	1,800,000	1,800,000
Obligations not included above:				
Advances for future water supply	1,647,006	1,216,779	160,000	160,000
Project evaluation studies	119,270	89,971	104,000	104,000
Undistributed equipment account	10,531	23,181	288	--
Loan services	433,000	335,299	344,000	348,000
Total obligations	94,609,867	111,588,663	118,267,288	110,671,000
Average for projects using funds	\$140,998	\$168,817	\$174,693	\$170,525
Average for all projects	\$87,764	\$101,814	\$104,108	\$94,108

1/ Amounts obligated were offset by a greater amount recovered through deobligation

Flood Prevention Projects

The planning criteria, economic justifications, local sponsorship requirements, cost-sharing criteria, and other policies and procedures used in the Flood Prevention Program have been adjusted to generally parallel those of the Watershed Protection Program.

The Department helps install watershed improvement measures to prevent floods; reduce flood water, sedimentation, and erosion damages; further the conservation, development, utilization and disposal of water; further the conservation and proper utilization of land, and other measures incorporated in subwatershed work plans. The following table shows the status of subwatershed work plans:

<u>Subwatersheds Status</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>
In construction	136	137	132
Completed	156	160	165
Not started	111	106	106

UNITED STATES DEPARTMENT OF AGRICULTURE

Soil Conservation Service

The following tabulation shows obligations in 1974 and estimated obligations in 1975 and 1976 in the authorized flood prevention projects. Buffalo Creek project in New York was completed in 1964.

Distribution of Flood Prevention Funds by Projects

Flood Prevention Projects	1974 Obligations	Brought Forward from 1974	1975 Appropri- ation Adjusted	Total Estimated Obligation 1975	Budget Estimate 1976
Colorado (Middle), Texas	\$ 1,464,016	\$ 808,287	\$ 1,568,155	\$ 2,376,442	\$ 1,779,000
Coosa, Georgia, Tennessee	167,219	327,265	134,399	461,664	700,741
Little Sioux, Iowa	879,529	312,961	899,527	1,212,488	1,186,164
Little Tallahatchie, Mississippi	1,102,974	365,962	1,289,745	1,655,707	1,497,952
Los Angeles, California	1,337,133	385,610	1,627,641	2,013,251	1,437,824
Potomac, Maryland, Pennsylvania, Virginia, West Virginia	1,664,220	4,449,442	3,213,049	7,662,491	3,146,407
Santa Ynez, California	470,158	59,584	1,506,830	1,566,414	1,248,053
Trinity, Texas	4,822,163	813,932	3,224,667	4,038,599	4,744,552
Washita, Oklahoma, Texas	3,408,831	836,236	3,007,425	3,843,661	4,114,233
Yazoo, Mississippi	4,600,827	1,289,546	4,484,562	5,774,108	5,558,074
Subtotal, Authorized Projects	19,917,070	9,648,825	20,956,000	30,604,825	25,413,000
Emergency Measures	20,229,843	30,991,287	300,000	31,291,287 a/	300,000
Total, Works of Improvement	40,146,913	40,640,112	21,256,000	61,896,112	25,713,000
Loan Services	184,161	--	189,000	189,000	192,000
Total, Flood Prevention	40,331,074	40,640,112	21,445,000	62,085,112 a/	25,905,000

a/ Includes section 216 emergency measure funds carried forward into 1975 from supplemental appropriation of 1973 and one in 1974.

INCREASES AND DECREASES

- (1) An increase in appropriation of \$7,589,000 for watershed protection projects. On the basis of available funds, there will be a decrease of \$7,596,288 consisting of:

(a) An increase of \$540,000 for annualization of pay increases effective in FY 1975.

(b) An increase of \$39,000 for space rental costs.

Under current procedure, the Agency is required to budget for the cost of agency occupied GSA controlled space. The 1975 Appropriation Act limited the Department to paying 90 percent of the standard level user charge used in the computing of the 1975 request. For FY 1976, the Budget reflects 100 percent funding for the estimated billings provided by the General Services Administration.

(c) A decrease of \$8,175,288 due to the reduction related to no new construction starts in 1976, partially offset with an increase for ongoing work.

- (2) An increase in appropriation of \$4,460,000 for flood prevention projects. On the basis of available funds, there will be a decrease of \$36,180,112 consisting of:

(a) An increase of \$116,000 for annualization of pay increases effective in FY 1975.

(b) A decrease of \$36,000 for space rental costs.

(c) A decrease of \$5,268,825 due to the reduction related to no new construction starts in 1976.

(d) A decrease of \$30,991,287 due to the reduction for nonrecurring flood prevention emergency measures to be completed in 1975.

The 1975 Watershed and Flood Prevention Operations Budget anticipated the use of about \$17,454,000 in carryover balances. The current 1975 estimate includes the use of an additional \$7,380,000 carried over to complete watershed and flood prevention measures.

The 1976 program level of \$136,576,000 provides for a reduction of about \$13,444,000 in construction. With this exception, and when allowance is made for the nonrecurring flood prevention emergency measures, the 1976 program is a continuation of the 1975 program with increases for pay and GSA costs. If in 1975 all available funds are not obligated, they will be automatically carried forward and added to the 1976 appropriation.

The Budget proposes no new construction starts for all water resource development programs, not just those of the Soil Conservation Service. Priority this year will be given to maintaining schedules for projects now underway and to avoiding costly construction delays. Funding for ongoing Soil Conservation Service projects in 1976 will be a level equivalent to funding in prior years.

TRANSITION BUDGET

Watershed Protection and Flood Prevention Operations

Transition Budget Estimate:

<u>Watershed Protection Projects</u>	<u>Flood Prevention Projects</u>	<u>Total</u>
\$29,364,000	\$6,586,000	\$35,950,000

JUSTIFICATION OF TRANSITION BUDGET ESTIMATE

The funds requested represent about 26 percent of the budget estimate for FY 1976. Funds must be obligated for construction and installation of land treatment measures during July, August, and September in order to take advantage of the fall construction season. Additional funds will be needed, during this period, for engineering and technical services.

STATUS OF PROGRAM

Current Activities: The Watershed Protection and Flood Prevention Act (Public Law 566, 83rd Congress), as amended (16 U.S.C. 1001-1008) provides for cooperation between the federal government and the states and their political subdivisions in a program to prevent erosion, floodwater, and sediment damages in the watersheds of rivers and streams; to further the conservation, development, utilization and disposal of water; and to further the conservation and proper utilization of land.

The Flood Control Acts, as amended and supplemented, (33 U.S.C. 701, 16 U.S.C. 1006a, 76 Stat. 610) provide for installation of (1) mainstream works of improvement for the control of floods, for which the Department of the Army is responsible, and (2) watershed improvement measures to prevent floods; reduce floodwater, sedimentation, and erosion damages; and further the conservation, development, utilization, and disposal of water, and the conservation and proper utilization of land for which the Department of Agriculture is responsible. Flood prevention work is authorized in the eleven watersheds designated in the Flood Control Act of December 22, 1944, as amended and supplemented.

The Flood Prevention and the Watershed Protection programs of the Department have similar objectives. The planning criteria, economic justifications, local sponsorship requirements, cost-sharing criteria, structural limitations and other policies and procedures used in Flood Prevention projects have been adjusted to generally parallel those used in Watershed Protection projects.

Types of Assistance Furnished by the Department

Assistance furnished under this appropriation consists of the following:

1. Technical and financial assistance for the installation of works of improvement specified in approved work plans.
 - a. Land treatment measures: Assurance that a program of proper land use and treatment will be carried out is a basic requirement for approval of assistance in the development of a watershed project or Flood Prevention subwatershed. The Department furnishes land owners and operators technical assistance to speed up the planning and application of land treatment measures which help achieve project objectives. This assistance is in addition to that being received under other conservation programs. Certain types of land treatment measures are required to be installed to achieve justified off-site flood prevention benefits. As such measures provide little, or long-deferred benefit to the landowner, he cannot be expected to bear the entire installation cost.

In PL-566 watersheds the cost of applying measures may be paid for in part by the Department. Authority for such assistance is provided in Section 3 of the Watershed Protection and Flood Prevention Act. The rate of financial assistance on such measures may not exceed the rate of assistance for similar practices under other conservation programs of the Department. This work is accomplished through project agreements with local sponsoring organizations. The local sponsors arrange for and accomplish the work by contract or force account. Payments are made by the federal government to the local sponsoring organizations as the land treatment measures are installed.

In PL-534 Flood Prevention projects, the federal government may pay part or all of the cost of installing land treatment measures. Measures currently eligible for this type of financial assistance include those for intensified fire protection, stabilization of critical areas, minor gully, streambank and grade stabilization structures, and other on-farm measures, which may

be used in lieu of downstream flood prevention structures. The Department may furnish vegetative planting and other materials to land owners for establishment of essential measures. Work may be contracted or carried out through force account procedures.

- b. Structural measures: Structural measures such as floodwater retarding structures, stream channel improvements, stabilizing and sediment control structures, water storage structures, and others are integral parts of watershed protection. Detailed construction plans, designs and specifications are prepared for these measures by the Department or by private engineers employed by the local sponsoring organization or the Department.

The federal government bears all construction costs of structural measures for flood prevention. It provides a share of the cost of installing works of improvement for agricultural water management, fish and wildlife and recreational development. The latter includes the cost of minimum basic facilities for public health and safety and access to recreational areas. Local organizations must pay all costs of works of improvement for other purposes. In addition, local organizations must acquire water rights and furnish land, easements and rights-of-way for all structural measures. However, up to one half the cost of land, easements, and rights-of-way allocated to public fish and wildlife and recreational developments may be paid with PL-566 or PL-534 funds. In PL-566 watersheds, local organizations must also administer construction contracts, unless they request SCS to do the contracting. Local organizations must also operate and maintain the completed works of improvement on non-federal lands.

Advances may be made to local sponsoring organizations to provide for immediate acquisition of easements and rights-of-way to prevent encroachment by other developments. Also, advances may be made to provide up to 30 percent of the total estimated cost of a proposed impounding structure when such structures are to be used for additional storage of water to meet anticipated future demands for municipal and industrial uses. In each case, advances must be repaid with interest. Advances for preservation of structure sites must be repaid before construction starts.

In PL-566 watersheds, funds for installation of planned structural measures on non-federal lands are provided to local organizations under the terms and conditions set forth in project agreements. Federal agencies carry out the watershed construction program on federal lands which they administer. In PL-534 subwatersheds, the Department usually does the contracting.

Engineering assistance is provided for flood prevention, agricultural water management, and for water resource development or improvement for public fish and wildlife and recreational purposes. This may be directly by the federal government or by the local organizations with advances or reimbursement from the federal government. The Department may also supply up to one-half the cost of engineering assistance required for the installation of minimum basic facilities for public fish and wildlife and recreational development.

2. Preparation of detailed subwatershed work plans in PL-534 flood prevention projects in cooperation with soil conservation districts and other local sponsoring organizations. These plans outline soil and water management problems in subwatersheds, what has been or is planned to be done to alleviate these problems. Plans also include proposed works of improvement, estimated benefits and costs, cost-sharing and operation and maintenance arrangements, and other facts necessary to justify Federal participation in project development.



Unusual situations call for innovative solutions. Diverting devastating flood flows into this volcanic tube in Hawaii was one way to stop the flooding.



In Nebraska, ducks make good use of a watershed structure sediment pool.

3. Installation of works of improvement in "pilot" watersheds. Sixty-two pilot watersheds were authorized by the Congress under Authority of the Act of April 27, 1935, (16 U.S.C. 590a-f). Funds for all works of improvement have been obligated and construction was essentially completed in FY 1970.
4. Program evaluation studies in selected watershed projects to determine the effectiveness of structural and land treatment measures installed.
5. The making of loans to local organizations to finance the local share of the costs of installing planned works of improvement. Repayment with interest is required within 50 years after the principal benefits of improvements first become available. Loans are financed from the Agricultural Credit Insurance Fund of the Farmers Home Administration. Loan services are financed from the Watershed and Flood Prevention Operations appropriation.
6. Emergency measures are funded under Section 216 of the Flood Control Act of 1950. Not to exceed \$300,000 of the amount appropriated for Flood Prevention may be expended each fiscal year for emergency measures when a fire, flood or any other natural element or force has caused a sudden impairment of a watershed. Any balances not needed for these purposes are distributed late in the fiscal year to watersheds where the greatest need exists and where the local sponsoring organizations have provided lands, easements, and rights-of-way required for installation of additional works of improvement. This limitation on the amount of flood prevention funds that may be expended annually for emergency measures has been supplemented as follows:
 1. The Supplemental Appropriation Act of 1973, approved October 31, 1972, provided \$16.5 million for installation of emergency measures, for runoff retardation and soil erosion prevention in the area damaged by Hurricane Agnes and the Black Hills, South Dakota Floods. At the close of fiscal year 1974, the Soil Conservation Service and Forest Service had jointly obligated \$16,335,350 of these funds.
 2. The Second Supplemental Appropriation Act of 1973, approved July 1, 1973, provided an additional \$20 million to install emergency measures made necessary by the floods in March 1973 in the Mississippi River Valley and adjacent areas. As of June 30, 1974, a total of \$12,182,046 was obligated.
 3. The Supplemental Appropriation Act of 1974, approved June 8, 1974, provided an additional \$22.5 million to install emergency measures in the Northeast, Northwest, Mississippi, Missouri, Arkansas, North Dakota, and adjacent areas. Between June 8 and June 30, 1974, the Soil Conservation Service and Forest Service obligated \$47,721.

These three Supplemental Appropriations provided an additional \$59.0 million for emergency work. Of this amount, \$50.0 million is being utilized by the Soil Conservation Service and \$9.0 million by the Forest Service. Through June 30, 1974, the Soil Conservation Service obligated a total of \$24,814,170 and the Forest Service \$3,750,947.

Program Assignments

The Soil Conservation Service has general responsibility for administration of the Watershed Protection and Flood Prevention Act and the work authorized under the Flood Control Acts. This includes responsibility for the installation of land treatment measures and structural works of improvement in authorized watersheds on non-federal land and on federal lands by arrangement with the administering agency.

The Forest Service is responsible for installing planned land treatment measures and certain structural works on National Forests and other lands administered by the Forest Service in authorized projects. It is also responsible, in cooperation with and through state and local agencies, for the installation of planned forestry measures on other lands within the projects.

The Economic Research Service makes special economic analyses of watershed or subwatershed projects.

Farmers Home Administration has responsibility for administration of Sections 4 and 8 of the Act as they relate to loans and repayment of advances to local organizations. The Department allocates watershed protection and flood prevention funds to the Farmers Home Administration for "loan services" because such expenses may not be paid from the Agricultural Credit Insurance Fund of the FmHA.

The Agricultural Research Service carries out trap efficiency studies to determine water and sediment outflow from reservoirs for use in designing floodwater retarding structures.

The Department of Interior's Bureau of Land Management and Bureau of Indian Affairs participate in the installation of works of improvement on lands under their jurisdiction.

The following table shows the amount of funds obligated for installation of watershed project and flood prevention project works of improvement in 1974 and estimates for 1975 and 1976 under allotments and allocations to cooperating agencies of the Department of Agriculture. (Excludes loan funds.)

Agency and Item	: 1974 : Obligations	: 1975 : Estimate	: 1976 : Estimate
Pilot Watersheds:			
Soil Conservation Service..	\$ 3,809	\$ - -	\$ - -
PL-566 Watersheds:			
Soil Conservation Service..	110,196,951	116,540,288	108,993,000
Economic Research Service..	110,228	117,000	119,000
Forest Service.....	946,185	1,266,000	1,211,000
Farmers Home Administration	335,299	344,000	348,000
Total PL-566 Watersheds..	111,588,663	118,267,288	110,671,000
PL-534 Flood Prevention:			
Soil Conservation Service..	16,211,917	26,250,825	21,058,000
Economic Research Service..	45,800	48,000	49,000
Forest Service.....	3,659,353	4,306,000	4,306,000
Farmers Home Administration	184,161	189,000	192,000
Subtotal.....	20,101,231	30,793,825	25,605,000
Emergency Measures.....	20,229,843	31,291,287	300,000
Total PL-534, Flood Prev...	40,331,074	62,085,112	25,905,000
GRAND TOTAL.....	\$151,923,546	\$180,352,400	\$136,576,000

Selected Examples of Recent Progress:

Status of "Pilot" Watershed Projects

Sixty-two "pilot" watersheds were started in fiscal year 1954 in cooperation with local sponsors under authority of the Act of April 27, 1935 (16 U.S.C. 590a-f). The purpose of the "pilot" watersheds was to demonstrate and evaluate the effectiveness of works of improvement installed in small watersheds for watershed protection and flood prevention purposes. Work has been discontinued in 8 projects and completed as planned in 54.

Project evaluation studies in "pilot" watersheds have been completed. These studies were made to obtain data over a sufficient period of time to provide a reliable long-range appraisal of the effectiveness of works of improvement installed.

The following table shows the total Federal cost for the completed pilot watershed projects:

	1974 Actual No. Amount (Thous)
1. Projects completed (cumulative and total cost)	54 \$44,676
2. Projects discontinued (cumulative) and total cost	8 330
3. Total projects approved and total cost	62 45,006
4. Total obligations (cumulative)	-- 45,006

Status of PL-566 Projects

Project plans involving an estimated federal contribution in excess of \$250,000 for construction, or construction of any single structure having a capacity in excess of 2,500 acre feet, require congressional committee approval. Other plans are approved administratively. After watershed work plans have been approved as suitable for federal participation, technical and financial assistance can be provided for installation of works of improvement specified in the work plans.

Engineering services and other assistance are furnished project sponsors for planned land treatment measures when plans are approved. Surveys and investigations are made and detailed designs, specifications, and engineering cost estimates are prepared for construction of structural measures. Areas where sponsors need to obtain land rights, easements and rights-of-way are delineated. Technical assistance is furnished to land owners and operators to accelerate planning and application of needed conservation on their individual units.

The project construction stage begins with the first project agreement or contract for construction of works of improvement. Under a project agreement, the sponsoring local organization agrees to construct a single or an interrelated group of structures. The government and the sponsoring local organization agree to share the construction costs as specified in the work plan. Engineering and other assistance are provided for preparation of contracts and inspection of construction.

When the local organization does the contracting, payments are made to them as the work progresses in accordance with the terms of the project agreement. When the local organization requests the SCS to do the contracting for works of improvement, the SCS makes payments directly to the contractor as the work progresses. Payments include amounts financed from federal funds and contributions received from local organizations for their share of construction costs. Technical assistance in planning and installing conservation land treatment measures is continued as specified in the watershed work plan.

In fiscal year 1974, 18 projects were approved for operations which brought to 1,096 the total number of projects approved as of June 30, 1974. Of the 740 projects in operations in 1974, 153 were receiving preconstruction land treatment and engineering services and 416 were in construction at the end of the year. Thirty-three of the latter were new construction starts in 1974. Twenty-three projects were completed in 1974 which brought the total number completed to 379 as of June 30, 1974. Land treatment assistance was continued on 36 projects on which construction had been completed prior to 1974. Seventy-nine of the approved projects did not require federal funds during the fiscal year 1974.

Progress in PL-566 Watershed Projects

The following table shows by state the Federal fund commitment in planned projects and the cumulative obligations for installation of works of improvement in PL-566 watersheds. On the first line for each state is shown information for projects wholly within that state. Data for interstate projects are listed on the next two lines. Line A- identifies interstate projects for which the state has primary responsibility. Line B- identifies interstate projects for which other states have primary responsibility. Only the amounts for work within a state are included in the report for that state.

State	Number Projects Approved 6/30/74	Total Watershed Area (Acres)	Total Estimated Federal Cost	% Federal Cost to Total Cost	Total Cumulative Federal Obligations 6/30/74	% Federal Cost Obligated as of 6/30/74
Alabama.....	25	1,643,192	\$39,335,575	63.4	\$18,450,783	46.9
A-interstate	2	191,548	3,979,887	75.1	3,532,473	88.8
B-interstate	(2)	31,684	1,383,798	74.3	1,027,097	74.2
Total, AL.	27	1,866,424	44,699,260	64.6	23,010,353	51.5
Arizona.....	11	1,021,778	31,549,210	58.9	15,300,562	48.5
Arkansas.....	49	2,818,152	74,398,067	64.3	42,733,803	57.4
A-interstate	2	143,258	2,593,857	62.4	1,018,342	39.3
Total, AR.	51	2,961,410	76,991,924	64.2	43,752,145	56.8
California....	21	909,413	73,980,308	58.4	46,995,266	63.5
Colorado.....	16	967,437	12,834,694	65.3	9,886,789	77.0
Connecticut..	6	76,776	18,543,188	57.5	14,038,115	75.7
A-interstate	2	52,274	3,073,981	64.2	3,069,656	99.9
Total, CT.	8	129,050	21,617,169	58.4	17,107,771	79.1
Delaware.....	2	124,298	3,800,781	60.3	3,335,469	87.8
A-interstate	2	107,100	6,039,635	64.0	2,615,585	43.3
Total, DE.	4	231,398	9,840,416	62.5	5,951,054	60.5
Florida.....	19	1,169,358	22,534,992	46.2	12,703,136	56.4
A-interstate	1	55,600	180,909	48.1	180,909	100.0
Total, FL.	20	1,224,958	22,715,901	46.2	12,884,045	56.7
Georgia.....	60	3,777,763	86,730,112	62.7	41,669,056	48.0
B-interstate	(2)	9,266	7,361	15.4	4,337	58.9
Total, GA.	60	3,787,029	86,737,473	62.6	41,673,393	48.0
Hawaii.....	6	282,710	13,606,342	57.2	9,548,912	70.2
Idaho.....	6	303,113	6,724,101	56.3	6,566,645	97.7
Illinois.....	19	958,544	30,454,409	54.5	13,226,298	43.4
Indiana.....	30	1,840,940	52,086,638	54.7	31,678,588	60.8
Iowa.....	41	675,171	35,612,281	72.1	21,666,226	60.8
Kansas.....	41	3,665,698	75,121,584	70.2	45,322,380	60.3
A-interstate	1	219,000	5,085,000	83.7	5,078,934	99.9
B-interstate	(1)	12,820	525,000	71.8	196,595	37.4
Total, KS.	42	3,897,518	80,731,584	70.9	50,597,909	62.7
Kentucky.....	30	1,939,938	51,407,835	59.4	26,312,980	51.2
A-interstate	1	189,019	1,016,165	37.6	1,016,165	100.0
B-interstate	(2)	16,543	46,085	25.8	46,085	100.0
Total, KY.	31	2,145,500	52,470,085	58.6	27,375,230	52.2
Louisiana....	31	3,569,575	52,098,837	42.2	25,514,742	49.0
B-interstate	(1)	1,637	6,000	75.0	--	--
Total, LA.	31	3,571,212	52,104,837	42.2	25,514,742	49.0
Maine.....	8	380,015	8,215,492	70.5	4,707,785	57.3
A-interstate	1	20,840	689,600	82.1	397,331	57.6
Total, ME.	9	400,855	8,905,092	71.3	5,105,116	57.3
Maryland.....	16	233,819	13,250,444	53.7	11,917,009	89.9
B-interstate	(2)	50,500	2,521,357	71.9	1,640,935	65.1
Total, MD.	16	284,319	15,771,801	55.9	13,557,944	86.0

State	Number Projects Approved 6/30/74	Total Watershed Area (Acres)	Total Estimated Federal Cost	% Federal Cost to Total Cost	Total Cumulative Federal Obligations 6/30/74	% Federal Cost Obligated as of 6/30/74
Massachusetts	10	457,262	\$21,675,117	56.5	\$ 9,953,910	45.9
B-interstate	(2)	10,600	114,458	65.5	113,357	99.0
Total, MA.	10	467,862	21,789,575	56.5	10,067,267	46.2
Michigan.....	18	688,280	13,923,177	44.7	7,938,571	57.0
Minnesota....	14	1,101,929	8,941,012	51.5	6,812,110	76.2
B-interstate	(1)	9,480	168,979	76.4	156,637	92.7
Total, MN.	14	1,111,409	9,109,991	51.8	6,968,747	76.5
Mississippi..	46	3,230,989	78,925,277	62.4	29,527,134	37.4
A-interstate	2	276,772	7,423,152	64.1	3,683,691	49.6
B-interstate	(2)	13,920	424,800	66.0	348,439	82.0
Total, MS.	48	3,521,681	86,773,229	62.5	33,559,264	38.7
Missouri.....	18	736,852	24,627,670	61.1	14,573,071	59.2
B-interstate	(1)	68,480	2,654,517	80.8	906,367	34.1
Total, MO.	18	805,332	27,282,187	62.6	15,479,438	56.7
Montana.....	11	357,561	13,577,302	70.4	8,508,395	62.7
Nebraska.....	39	2,365,996	37,866,793	56.5	23,924,774	63.2
A-interstate	1	22,530	500,700	64.7	198,384	39.6
Total, NB.	40	2,388,526	38,367,493	56.6	24,123,158	62.9
Nevada.....	5	388,142	3,950,438	61.3	2,646,250	67.0
New Hampshire	6	455,350	17,729,551	67.5	8,629,634	48.7
B-interstate	(1)	26,240	1,067,000	89.4	304,208	28.5
Total, NH.	6	481,590	18,796,551	68.4	8,933,842	47.5
New Jersey...	12	252,647	16,196,948	58.8	9,566,762	59.1
New Mexico...	24	1,228,645	30,168,893	91.0	16,561,023	54.9
B-interstate	(2)	287,750	1,802,813	44.8	918,057	50.9
Total, NM.	24	1,516,395	31,971,706	86.0	17,479,080	54.7
New York.....	11	648,153	32,393,231	81.4	16,822,908	51.9
North Carolina	38	1,534,984	35,370,622	56.9	17,583,161	49.7
A-interstate	2	114,650	1,971,966	62.5	908,921	46.1
B-interstate	(1)	14,250	1,486,255	75.5	1,014,751	68.3
Total, NC.	40	1,663,884	38,828,843	57.8	19,506,833	50.2
North Dakota	16	2,191,114	23,974,208	66.6	12,959,034	54.1
A-interstate	2	221,377	864,788	36.1	864,788	100.0
Total, ND.	18	2,412,491	24,838,996	64.7	13,823,822	55.7
Ohio.....	14	944,572	39,274,514	58.6	17,629,897	44.9
Oklahoma.....	60	5,973,821	132,565,449	60.5	75,106,208	56.7
B-interstate	(1)	9,000	197,000	88.4	195,001	99.0
Total, OK.	60	5,982,821	132,762,449	60.5	75,301,209	56.7
Oregon.....	13	679,393	34,163,361	50.0	15,480,975	45.3
Pennsylvania.	22	1,106,167	56,415,485	54.4	27,499,997	48.7
B-interstate	(2)	118,350	8,056,340	75.1	3,785,421	47.0
Total, PA.	22	1,224,517	64,471,825	56.3	31,285,418	48.5
Puerto Rico..	3	252,002	9,641,899	57.5	1,846,972	19.2
South Carolina	33	1,127,162	26,551,825	57.2	12,903,963	48.6
A-interstate	1	80,471	3,525,800	61.9	456,578	12.9
Total, SC.	34	1,207,633	30,077,625	57.7	13,360,541	44.4
South Dakota.	12	480,167	8,786,903	68.2	4,085,635	46.5
A-interstate	1	27,130	476,507	75.8	430,375	90.3
B-interstate	(2)	105,927	1,010,387	64.5	819,634	81.1
Total, SD.	13	613,224	10,273,797	68.1	5,335,644	51.9
Tennessee....	28	1,051,602	46,959,268	74.9	19,492,854	41.5
A-interstate	5	234,943	6,745,152	64.8	5,472,169	81.1
B-interstate	(3)	39,591	1,020,085	64.0	290,285	28.5
Total, TN.	33	1,326,136	54,724,505	73.3	25,255,308	46.1

State	Number Projects Approved 6/30/74	Total Watershed Area (Acres)	Total Estimated Federal Cost	% Federal Cost to Total Cost	Total Cumulative Federal Obligations 6/30/74	% Federal Cost Obligated as of 6/30/74
Texas.....	72	7,120,020	\$124,798,302	56.9	\$65,516,618	52.5
A-interstate	2	117,632	1,012,539	30.3	269,482	26.6
Total, TX.	74	7,237,652	125,810,841	56.5	65,786,100	52.3
Utah.....	11	1,179,326	24,225,996	51.1	19,214,154	79.3
Vermont.....	4	62,927	4,019,249	72.9	2,790,873	69.4
Virginia.....	25	1,344,078	21,743,488	56.4	16,096,529	74.0
B-interstate	(2)	42,850	392,165	49.5	55,340	14.1
Total, VA.	25	1,386,928	22,135,653	56.2	16,151,869	73.0
Washington...	11	227,229	19,164,034	41.7	13,955,172	72.8
West Virginia	20	375,270	28,971,477	64.4	9,675,297	33.4
A-interstate	2	97,180	7,566,860	81.0	7,485,109	98.9
Total, WV.	22	472,450	36,538,337	67.3	17,160,406	47.0
Wisconsin....	22	1,082,549	24,842,576	77.8	16,109,780	64.8
Wyoming.....	11	559,271	5,686,565	61.2	5,433,975	95.6
Total Projects	1,096	68,601,362	1,745,046,418	59.8	958,921,618	54.9
Project Evalu- ation Studies			750,000		708,724	94.5
Undistributed Equipment Cost.....			---		428,484	
Advances for Future Water Supply.....			3,750,000		3,615,955	96.4
Grand Total..	1,096	68,601,362	1,749,546,418	60.0	963,674,781	55.1

Flood Prevention Projects

Because the authorized flood prevention projects include relatively large areas, work plans are developed on subwatersheds. As of June 30, 1974, the total planning job was about 75% completed, with 309 work plans completed that include 21,570,176 acres. The following table summarizes the status of subwatershed planning by authorized project:

Flood Prevention Projects	Total Authorized Area Acres	Subwatershed and other areas with planning potential		Subwatershed and other work plans prepared to 6/30/74	
		No.	Acres	No.	Acres
Buffalo Creek a/.....	279,680	3	279,680	3	279,680
Colorado (Middle).....	4,613,120	17	4,357,000	16	3,442,656
Coosa.....	1,339,400	16	1,339,400	16	1,273,158
Little Sioux.....	1,740,800	130	402,330	88	256,632
Little Tallahatchie....	963,977	18	562,876b/	18	562,876
Los Angeles.....	536,960	13	301,731c/	13	301,731
Potomac.....	4,205,400	26	2,943,000	14	1,202,308
Santa Ynez.....	576,000	6	368,550d/	6	368,550
Trinity.....	8,424,260	40	7,085,320	28	6,348,464
Washita.....	5,095,040	60	5,095,040	56	4,691,072
Yazoo.....	3,942,197	74	3,746,379c/	51	2,843,049
Total.....	31,716,834	403	26,481,306	309	21,570,176

a/ The Buffalo Creek Watershed was completed and closed in 1964.

b/ Excludes 96,501 acres of Sardis Reservoir area, and 304,000 acres in minor watersheds needing only land treatment measures.

c/ Include National Forest and other lands, for which the Forest Service has been assigned program responsibility.

d/ Excludes 195,818 acres of reservoir area.

Distribution of Funds for Flood Prevention by Agency and Project

The following tables show obligations in 1974 and estimates for 1975 and 1976 for each of the operating watersheds (the Buffalo Creek Watershed in New York was completed in 1964).

Flood Prevention Projects	1974 Obligations	Brought Forward from 1974	1975 Appropriation (adjusted)	Estimated Obligations 1975	Budget Estimate 1976
<u>SOIL CONSERVATION SERVICE</u>					
Colorado (Middle), Texas	1,464,016	808,287	1,568,155	2,376,442	1,779,000
Coosa, Georgia, Tennessee	150,105	327,265	112,900	440,165	694,000
Little Sioux, Iowa	856,782	312,961	873,646	1,186,607	1,162,000
Little Tallahatchie, Mississippi	737,629	365,962	876,365	1,242,327	1,133,000
Los Angeles, California	-474	385,610	--	385,610	--
Potomac, Maryland, Pennsylvania, Virginia, West Virginia	1,406,723	4,449,442	2,885,769	7,335,211	2,861,000
Santa Ynez, California	22,439	59,584	1,011,630	1,071,214	500,000
Trinity, Texas	4,748,454	813,932	3,142,847	3,956,779	4,676,000
Washita, Oklahoma, Texas	3,300,742	836,236	2,886,266	3,722,502	4,000,000
Yazoo, Mississippi	3,525,501	1,289,546	3,244,422	4,533,968	4,253,000
Subtotal, flood prevention projects, Soil Conservation Service	16,211,917	9,648,825	16,602,000	26,250,825	21,058,000
Emergency Measures, Soil Conservation Service a/	18,946,839	25,668,434	300,000	25,968,434	300,000
Total, flood prevention works of improvement, Soil Conservation Service	35,158,756	35,317,259	16,902,000	52,219,259	21,358,000
<u>ECONOMIC RESEARCH SERVICE</u>					
Works of improvement (evaluation studies of economic impact of project), ERS:					
Washita, Oklahoma, Texas	45,800	--	48,000	48,000	49,000
a/ Available from the two Supplemental Appropriation Acts of 1973 and one in 1974					

Distribution of Funds for Flood Prevention by Agency and Project-(Continued)

Flood Prevention Projects	1974 Obligations	Brought Forward from 1974	1975 Appropriations (adjusted)	Estimated Obligations 1975	Budget Estimate 1976
FOREST SERVICE					
Colorado (Middle), Texas	--	--	--	--	--
Coosa, Georgia, Tennessee	17,114	--	21,499	21,499	6,741
Little Sioux, Iowa	22,747	--	25,881	25,881	24,164
Little Tallahatchie, Mississippi	365,345	--	413,380	413,380	364,952
Los Angeles, California	1,337,607	--	1,627,641	1,627,641	1,437,824
Potomac, Maryland, Pennsylvania, Virginia, West Virginia	257,497	--	327,280	327,280	285,407
Santa Ynez, California	447,719	--	495,200	495,200	748,053
Trinity, Texas	73,710	--	81,820	81,820	68,552
Washita, Oklahoma, Texas	62,289	--	73,159	73,159	65,233
Yazoo, Mississippi	1,075,326	--	1,240,140	1,240,140	1,305,074
Subtotal, flood prevention projects, Forest Service	3,659,354	--	4,306,000	4,306,000	4,306,000
Emergency Measures, F.S. a/	1,283,003	5,322,853	--	5,322,853	--
Total, flood prevention works of improvement, F.S.	4,942,357	5,322,853	4,306,000	9,628,853	4,306,000
FARMERS HOME ADMINISTRATION					
Loan services for flood prevention projects, Farmers Home Administration.	184,161	--	189,000	189,000	192,000
Total, flood prevention projects	40,331,074	40,640,112	21,445,000	62,085,112	25,905,000
a/ Allotment from the two Supplemental Appropriation Acts of 1973 and one in 1974.					

Acceleration of Soil Surveys and Conservation
Planning in Watershed and Flood Prevention Projects

Watershed and Flood Prevention Operations funds are used to accelerate soil surveys, conservation planning, and installation of conservation land treatment measures in PL-566 watershed projects and PL-534 subwatersheds as specified in project work plans. This acceleration of technical assistance is provided to help meet project objectives within the agreed upon installation period.

The following table shows the acres of soil surveys and the number and acres of conservation farm and ranch plans prepared in the 1974 fiscal year with Watershed and Flood Prevention Operations funds and estimates for 1975 and 1976.

Item	1974 Actual	1975 Estimate	1976 Estimate
Soil surveys (acres mapped)	1,076,614	1,200,000	1,110,000
Conservation plans prepared:			
Number	3,138	3,300	3,200
Acres	637,419	663,000	656,000

The following table shows the acres of soil surveys and the number of conservation plans prepared cumulative through June 30, 1974, in Watershed and Flood Prevention projects in operation or completed by June 30, 1974.

Item	Watershed and Flood Prevention Operations Funds	Other Funds	Grand Total in Projects
Soil surveys (acres mapped) ..	25,922,859	48,692,788	74,615,647
Total number cooperators	*	*	311,346
Conservation plans prepared:			
Number	106,231	176,442	282,673
Acres	19,683,297	39,649,210	59,332,507

* Not available by fund.

Works of Improvement Installed in Watershed and Flood Prevention Projects

The following table shows the works of improvement installed in pilot, Watershed and Flood Prevention projects in fiscal year 1974 and cumulative accomplishments in these watersheds under all programs as of June 30, 1974, with technical and financial assistance provided by the Soil Conservation Service and the Forest Service.

Works of Improvement	Unit	Installed in 1974		Est. Practices
		With Assistance Under		"On The Land" in
		Watershed and	Other	Active Projects
		Flood Prev. Opera.	Programs	as of 6/30/74
SOIL CONSERVATION SERVICE				

Structural Measures:

Dam, Multipurpose	No.	14	9	366
Dam, Multipurpose	Ac.Ft.	13,993	498	317,715
Debris Basin	No.	276	69	15,833
Dike	Miles	10	19	310
Floodwater Retarding Structures	No.	242	4	5,019
Floodwater Retarding Structures	Ac.Ft.	212,467	44	3,731,632
Floodway	Feet	17,042	- -	648,801

Works of Improvement-cont'd. Unit SOIL CONSERVATION SERVICE		Installed in 1974 With Assistance Under		Est. Practices "On The Land" in Active Projects as of 6/30/74
		Watershed and Flood Prev. Opera.	Other Programs	
<u>Structural Measures:</u>				
Grade Stabilization				
Structures	No.	2,216	545	29,899
Open channel	Miles	500	35	4,166
Stream Channel Stabili- zation	Miles	27	9	122
<u>Land Treatment Measures:</u>				
Access Road	Miles	65	163	2,766
Agricultural Waste Mgmt. Systems	No.	3	31	104
Bedding	Acres	173	808	67,256
Brush Management	Acres	195,810	213,616	5,876,028
Chiseling and Subsoiling	Acres	65,672	56,650	945,183
Clearing and Snagging	Miles	406	16	937
Commercial Fish Ponds	Acres	455	710	7,110
Conservation Cropping System	Acres	704,074	1,106,643	15,671,654
Contour Farming	Acres	151,972	274,433	5,557,633
Critical Area Planting	Acres	29,507	14,757	1,039,076
Crop Residue Management	Acres	697,872	1,025,928	15,212,880
Dam, Diversion	No.	- -	- -	1,403
Deferred Grazing	Acres	235,644	436,327	4,733,288
Disposal Lagoon	No.	8	49	453
Diversion	Miles	64	103	14,313
Drainage Field Ditches	Miles	111	191	20,115
Drainage Land Grading	Miles	732	1,982	69,243
Drainage Main or Lateral	Miles	237	229	27,853
Farmstead and Feedlot Windbreak	Acres	9,562	154	38,585
Fencing	Miles	123	310	55,431
Field Border	Miles	48	52	2,946
Field Windbreak	Miles	8	65	4,305
Firebreak	Miles	1,324	97	2,656
Fish Raceway	Feet	- -	- -	6,966
Fishpond Management	No.	2,868	4,816	99,976
Fish Stream Improvement	Feet	102,666	1,800	104,424
Floodwater Diversion	Feet	- -	- -	404,674
Grassed Waterway or Outlet	Acres	1,543	2,356	241,187
Grazing Land Mechanical Treatment	Acres	- - -	28	28,819
Heavy Use Area Protection	Acres	80	27	10,721
Hedgerow Planting	Miles	5	4	1,218
Hillside Ditch	Miles	- -	- -	4
Holding Ponds and Tanks	No.	12	40	372
Irrigation Canal or Lateral	Miles	1	1	1,261
Irrigation Ditch and Canal Lining	Miles	11	20	1,628
Irrigation Field Ditch	Miles	9	11	2,529
Irrigation Land Leveling	Acres	1,494	5,615	524,000
Irrigation Pipeline	Miles	24	108	2,600
Irrigation Pit or Regula- ting Reservoir	No.	2	11	1,700
Irrigation Storage Reser- voir	No.	1	5	1,700
Irrigation Storage Reser- voir	Ac.Ft.	- -	596	79,000

Works of Improvement-cont'd.	Unit	Installed in 1974 With Assistance Under		Est. Practices "On The Land" in Active Projects as of 6/30/74
		Watershed and Flood Prev. Opera.	Other Programs	
SOIL CONSERVATION SERVICE				
Land Treatment Measures:				
Irrigation System, Drip	No.	--	2	15
Irrigation System, Drip	Acres	--	350	650
Irrigation System, Sprinkler	No.	33	147	5,900
Irrigation System, Sprinkler	Acres	3,208	12,653	328,000
Irrigation System, Surface and Subsurface	No.	13	238	8,000
Irrigation System, Surface and Subsurface	Acres	2,124	21,728	761,000
Irrigation System, Tailwater Recovery	No.	--	12	670
Irrigation Water Manage- ment	Acres	26,245	78,181	965,000
Land Smoothing	Acres	5,760	11,031	642,000
Livestock Exclusion	Acres	16,466	24,592	1,071,000
Minimum Tillage	Acres	70,263	97,326	1,783,000
Mulching	Acres	3,514	732	63,000
Pasture and Hayland Planting	Acres	125,801	207,948	8,800,000
Pasture and Hayland Management	Acres	471,502	820,174	8,903,000
Pipeline	Miles	12	41	1,100
Planned Grazing Systems	Acres	83,563	125,169	1,161,000
Pond	No.	471	960	236,000
Prescribed Burning	Acres	7,355	24,613	252,000
Proper Grazing Use	Acres	719,962	1,485,637	11,491,000
Pumping Plant for Water Control	No.	15	67	4,000
Range Seeding	Acres	5,329	15,510	1,209,000
Recreation Area Improve- ment	Acres	1,696	2,030	77,000
Recreation Land Grading and Shaping	Acres	501	313	29,000
Recreation Trail and Walkway	Miles	41	11	550
Spring Development	No.	44	57	5,100
Stock Trails and Walkways	Feet	--	2,000	340,000
Streambank Protection	Miles	602	29	2,400
Stripcropping	Acres	6,122	7,157	450,000
Structures for Water Control	No.	1,527	1,444	190,000
Subsurface Drain	Miles	644	325	36,000
Terrace, Basin	Miles	4	4	1,300
Terrace, Gradient	Miles	75	411	117,700
Terrace, Level	Miles	11	70	27,500
Terrace, Parallel	Miles	138	327	9,700
(Total, Terraces)	Miles	228	812	156,200
Toxic Salt Reduction	Acres	1,137	1,722	59,000
Tree Planting	Acres	16,939	20,370	1,939,000
Trough or Tank	No.	112	227	26,000
Waterspreading	Acres	460	36	2,300
Well	No.	80	276	27,000
Wildlife Upland Habitat Management	Acres	267,860	544,623	4,200,000
Wildlife Wetland Habitat Management	Acres	8,652	28,461	350,000

Works of Improvement-cont'd. Unit	Installed in 1974 With Assistance Under		Est. Practices "On The Land" in Active Projects as of 6/30/74
	Watershed and Flood Prev. Opera.	Other Programs	
SOIL CONSERVATION SERVICE			
Land Treatment Measures:			
Wildlife Watering Facility No.	11	458	2,800
Woodland Direct Seeding Acres	156	119	27,000
Woodland Improved Harvesting Acres	31,624	60,535	2,040,000
Woodland Improvement Acres	6,786	7,410	1,324,000
Woodland Pruning Acres	130	743	12,000
Woodland Site Preparation Acres	11,076	21,314	373,000
Land adequately treated Acres	621,826	1,224,478	--
Land adequately protected Acres	--	--	49,000,000

Forest Service

Works of Improvement	Unit	Installed in 1974 With Assistance Under the Watershed and Flood Prev. Operations Program	Est. Practices "On The Land" in Active Projects as of 6/30/74
<u>STRUCTURAL MEASURES:</u>			
Access Road Construction	Miles	0.1	42.8
Channel Improvement	Miles	--	12.6
Channel Stabilization	Miles	0.4	61.5
Diversion Ditches	Lin. Ft.	--	4,558
Floodwater Retarding Structures	No.	--	2
Grade Stabilization Structures	No.	11	906
Streambank Stabilization	Miles	0.4	10.3
<u>LAND TREATMENT MEASURES:</u>			
Channel Improvement	Miles	0.1	6.6
Channel Stabilization	Miles	2.1	11.8
Contour Terrace and Furrows	Miles	37	309.4
Area Treated	Acres	1,084	13,260
Gully Control and Stabilization	Miles	5.1	150.6
Grade Stabilization Structures	No.	676	2,149
Critical Area Stabilization by Tree Planting and Other Measures	Acres	2,374	321,338
Fire Hazard Reduction	Acres	66.3	1,083.3
Forest Road and Roadbank Stabilization	Miles	97.5	2,807.5
Acres Treated	Acres	2,325.5	22,263.5
Fire; Roads, Trails and Firebreaks and Fuelbreaks	Miles	71	4,576
Fire Control Water Developments	No.	5	195
Fire Towers	No.	--	54
Intensified Fire Protection	Acres	786	2,242,992
Heliports and Helispots	No.	2	476
Mobile Fire Equipment	No.	5	176
Other Fire Control Improvements	No.	4	629
Radio Installations	No.	0	359
Forest Watershed Management Plans Prepared	No.	1,846	23,676
Area Included	Acres	204,443	3,500,551

Works of Improvement-cont'd. Forest Service	Unit	Installed in 1974 With Assistance Under the Watershed and Flood Prev. Operations Program	Est. Practices "On The Land" in Active Projects as of 6/30/74
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LAND TREATMENT MEASURES:

Forest Stand Improvement	Acres	10,326	1,707,450
Proper Harvest Cutting	Acres	28,337	703,753
Range and Grass Seeding	Acres	2,100	44,537
Tree Planting and Seeding	Acres	22,026	671,758
Revegetation, Surface Mined Areas	Acres	832	7,171
Woodland Thinning and Release	Acres	13,069	1,064,790
Woodland Grazing Control	Acres	2,437	452,904
Recreation Area Development	Acres	22,459	26,897
Wildlife Habitat Development	Acres	1,520	17,898
Wildlife Ponds	No.	3	42
Woodland Owners Assisted	No.	4,494	55,231

The following table shows the structural measures installed on the 379 PL-566 watershed projects that were completed as of June 30, 1974:

Works of Improvement	Unit	Est. Practices "On The Land" in Inactive Projects as of 6/30/74
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Debris Basin	Number	2,575
Dike and Levee	Miles	347
Floodwater Retarding Structure	Number	1,554
Grade Stabilization Structure	Number	10,312
Open Channel	Miles	3,092
Stream Channel Stabilization	Miles	159

Project Installations Providing Benefits

The works of improvement installed in watershed protection and flood prevention projects are effective in reducing floodwater erosion, and sediment damages and provide other benefits as evidenced by the following:

Iowa: The 31,560 acre Walters Creek Watershed project was approved for installation of land treatment and structural measures in April 1965 and is expected to be completed in fiscal 1978. Problems considered in preparing the work plan were sheet and gully erosion, floodwater drainage to agricultural land and crops, a shortage of domestic and industrial water supply in the town of Corning and lack of adequate water based recreation facilities in the area.

Conservation plans have been developed on the farms of 125 of the 158 land-owners in the watershed. District cooperators have applied land treatment measures to adequately protect over 80% of the land in the project area. Construction of 34 grade stabilization structures, a road culvert built cooperatively with the county and a flood water retarding structure have been completed. A second floodwater retarding dam and a multiple purpose recreation and municipal water supply structure are under construction.

Flood Damage Reduction - With heavy rains falling in the area during fiscal year 1974, landowners have commented that some branches of Walters Creek never got out of their banks. Some landowners contributed this to upland treatment while others to the watershed structures. Using a specific example, before Site 25-1 was installed, water would run over the county road just below the structure site. This did not happen in fiscal year 1974. Another example is the stream below Site 5-2. This stream, which is protected by structures 5-1 and 5-2, was not out of its banks this year. Land treatment measures are controlling sheet and gully erosion where they are applied. The PL-566 structures are controlling gully heads.

Incidental Recreation - Watershed structures have created over 195 acres of surface water. Most of these structures have been stocked with fish. To date over 11,000 catfish and 13,000 bass having been stocked in these impoundments.

Frank Davis, chairman of the Adams County Soil Conservation District, states that the impoundments provide over 10,000 visitor days of recreation each year. Several of the impoundments provide, in addition to excellent fishing, a good place to hunt ducks and geese and a place for small boating.

Multiple-Purpose Watershed Projects Increasing

Local sponsors of watershed projects continue to take full advantage of the broad opportunities offered under Public Law 566 to develop multiple-purpose projects. About 56 percent of the 1,096 projects approved for operations as of June 30, 1974, included structural measures with purposes other than flood prevention. The following are examples of three categories of multipurpose watersheds and the benefit being realized by the local people.

1. Projects with agricultural water management features. Three hundred and forty-seven watershed projects include structural measures for agricultural water management in addition to flood prevention features. Of these, 259 include drainage improvements on existing cropland and 85 include irrigation. The following examples show water management benefits derived under this program.

North Carolina - Operations began in the 7,000 acre Gum Neck Watershed project in June 1962. The work plan provides for flood prevention, watershed protection and drainage.

Conservation plans have been developed on 79 of the 93 agricultural units in the watershed. About 95 percent of the planned land treatment measures have been applied.

Structural measures installed include 20.6 miles of dike, 17 miles of channel work, 11 four foot flood gates and a pumping plant. Sponsors spent \$7,000 on operation and maintenance last year.

Effectiveness of Project: Annual benefits exceed \$100,000. Homes, fields and roads are no longer flooded. Landowners report gross farm income increased 30%. Net income on some farms doubled and tripled. Acreage of truck crops is increasing. Salt water intrusion has been stopped.

Idaho - The Montpelier Creek Watershed project was approved for installation of land treatment and structural measures in September 1964. Completion is expected in 1975.

Conservation plans have been developed on 53 operating units. Land treatment practices installed include 205 acres of land leveling, 14,935 feet of irrigation pipeline, 14 sprinkler irrigation systems, 45,600 feet of irrigation field ditches and 1,000 acres of irrigation water management. About 60% of the planned land treatment measures have been installed. Structural measures in place are one irrigation storage reservoir, 6.7 miles of irrigation canals, a pumping plant and 1.1 miles of floodwater diversion.

The spring and summer of 1974 were extremely dry with no measurable precipitation occurring after May 5. The stored water in the reservoir permitted the irrigation company to deliver full irrigation streams to the irrigators throughout the irrigation season. This resulted in a full production of alfalfa hay in the project area. The increase in hay yield due to adequate irrigation water is estimated to be 2,000 tons valued at \$40 per ton.

2. New Water Based Recreation areas. Plans for 195 small watershed projects approved as of June 30, 1974, include 224 developments to create or improve facilities for the enjoyment of outdoor recreation in addition to flood prevention and watershed protection.

Commitments for public recreation developments now total about \$142 million. About \$81 million will come from non-federal sources. Local sponsoring organizations are responsible for operating and maintaining the reservoirs and recreation areas. It is estimated the new recreation areas will attract 15 million visits a year for boating, fishing, swimming, picnicking, camping, and allied forms of recreation. This will have a favorable economic impact on nearby communities. Reservoirs to provide more than 54,000 acres of additional water surface for recreation will be located in 38 states.

The following example is typical of the recreational and fish and wildlife benefits being enjoyed by residents in PL-566 projects and surrounding areas.

Georgia: The 137,029 acre Tobesofkee Creek project was approved for operations in June 1959. Problems considered in developing the work plan were floodwater and sediment damage to agricultural land, and the need for industrial and recreational water supply.

Conservation plans have been developed on the farms of 450 of the 730 landowners in the project. All of the planned land treatment measures have been applied. The two planned floodwater-retarding dams have been installed. The multi-purpose dam was completed in 1966 and recreation facilities installed in increments over the next four years. In addition 6.3 miles of channel work were installed.

The recreation development facilities included in this watershed at Structure No. 1 are fully utilized and provide extensive recreation opportunities for people throughout middle Georgia. Since project completion in 1970, more than 999,000 individual day visitors have been recorded, in addition to extensive organized group use and overnight camping. The Macon Recreation Department brings a group of under privileged youths to the park weekly, as does the Bibb County Headstart Program. The Bibb County Schools bring classes to the Park during school sessions for educational programs. Also, thousands of families have used the overnight camping facilities. The installed measures are affording protection from flooding as planned.

3. Municipal water supply. As of June 30, 1974, local sponsors in 141 watersheds had included municipal water supply features in their watershed work plans in addition to flood prevention and watershed protection. An example of a project which includes additional storage capacity for municipal water supply follows:

Maryland: The 26,275 acre Little Youghiogheny watershed project was approved for installation of land treatment and structural measures in March 1957. The principle watershed problems were floodwater damage in and near Oakland and the need for additional water supply and water based recreation in the Oakland area.

Conservation plans have been developed on 156 of the 191 farms in the watershed. All of the planned land treatment measures have been installed. Five floodwater retarding dams and one multi-purpose recreation, and municipal water supply structure have been completed.

The greatest single benefit of the project is the establishment of a very desirable industry, made possible by the municipal water storage feature of the #6 Dam. The industrial plant, which was built at a cost of over \$6,000,000, began limited operations early in 1971. The operation began by employing over 200

people and at the present time has a working force of about 350. Capacity of the present structure is 495 and is expected to be reached in early 1975. Current plans call for future plant expansion, to an employment capacity of about 1,000 people. The initial impact of this industry, on a community badly in need of employment opportunities, has been quite significant. The final effect should be tremendous. Among the most important advantages is the career opportunities that will be available to young people in the community. Employees are now pursuing the Industrial Management Technology course at Garrett Community College in preparation for future managerial roles.

Municipal water from the #6 Dam is calculated at 1,500,000 gallons per day. The City of Oakland has constructed a water treatment plant capable of handling the entire capacity. The new industry has projected an estimated need of 800,000 gallons per day when it reaches employment of 1,000 persons, leaving a significant amount of water available for further development in the area. No other source of water in the area could have supplied the needs of this new industry nor would the City of Oakland have had this abundant reserve supply for further development. The present contract for recreation facilities will provide the basic needs for picnicking, swimming, fishing, and limited boating and sailing. Additional plans are being developed for an adjacent civic center. The demand for nearby residential building sites has increased steadily. A new elementary school and a new middle school are under construction. A little league and a pony league field will be constructed within the boundaries of the recreation area during fiscal year 1975.

Progress in Selected Flood Prevention Projects

A description of flood prevention and conservation work accomplished in several of the 11 authorized Flood Prevention projects follows. The estimated Federal costs for each watershed reflect 1973 prices, as adjusted to reflect installation of fish and wildlife and recreational developments and future water supplies under provisions of recent amendments to the Watershed Protection and Flood Prevention Act (76 Stat. 608-610).

Flood Prevention Project	Estimated Total Federal Costs	Total Obligations through June 30, 1974
Buffalo Creek Watershed, New York (Complete).....	\$ 4,615,182	\$ 4,615,182
Middle Colorado River Watershed, Texas	53,092,000	32,883,510
Coosa River Watershed, Georgia and Tennessee.....	17,802,000	15,462,512
Little Sioux River Watershed, Iowa....	54,269,000	24,724,112
Little Tallahatchie River Watershed, Mississippi.....	30,222,000	27,621,205
Los Angeles River Watershed, California	78,298,000	36,710,995
Potomac River Watershed, Md., Pa., Va., W. Va.	45,920,000	35,643,962
Santa Ynez River Watershed, California	16,279,000	9,975,725
Trinity River Watershed, Texas.....	141,787,000	86,434,278
Washita River Watershed, Oklahoma and Texas.....	99,587,000	90,043,279
Yazoo River Watershed, Mississippi....	105,194,000	77,465,369
Total.....	\$647,065,182	\$441,580,129

Following descriptions are typical examples of the conservation work being accomplished and benefits accruing to all flood prevention projects.

Coosa River Watershed, Georgia and Tennessee

The Coosa River Project includes approximately 1,339,400 acres. About 87 percent of the watershed area is privately owned, and 130,350 acres are in National Forest land. Principle problems in the watershed area are erosion, floodwater, and sediment damage to agricultural lands and county roads.

There are about 6,950 landowners in the project of which 5,159 were district cooperators and 4,982 had developed conservation plans for their holdings as of June 30, 1974. More than 97 percent of planned land treatment measures have been applied. Structural measures are about 90 percent complete with 117 of 143 planned floodwater retarding structures installed. All planned work in nine of the 16 subwatersheds in this project has been completed and turned over to sponsors for operation and maintenance. Erosion has been controlled on 914 miles of roadbanks. Work is nearly completed in seven more subwatersheds.

Technical assistance for installing forestry measures on privately-owned land is provided by the Forest Service in cooperation with and through the Georgia Forestry Commission. Forestry technical assistance has been provided to over 800 landowners.

Accomplishments by the Forest Service on the National Forest to June 30, 1974, include 1,612 acres of tree planting, 19,808 acres of hydrologic stand improvement, 617 acres of roadside erosion control, 645 acres of forest road and trail erosion control, 469 acres of critical area stabilization and 16 miles of streambank stabilization. Management assistance in the form of timber marking, timber stand improvement, planting, insect and disease control and multiple-use management plans was applied on 1,900 acres.

During the month of May 1973, over 10 inches of rainfall were recorded in the Ellijay River Subwatersheds. Approximately 4.5 inches fell during a three-hour period on May 27, 1973. Mr. Grady Watkins, a prominent retired businessman stated, "There's a 24-inch pipe under my driveway that could not carry the water. I have lived here for thirty years and I have never seen that pipe more than half full. I'm sure if it hadn't been for those flood control dams, half of Ellijay would have washed away."

Little Tallahatchie River Watershed, Mississippi

The Little Tallahatchie River Project includes 963,977 acres in North Central Mississippi. About 80 percent of the area is privately owned, 10 percent is in National Forest and 10 percent is in the Sardis Reservoir, which was constructed by the Corps of Engineers. Principle problems in the watershed are floodwater and sediment damage to agricultural lands. Eighteen subwatershed work plans covering 562,876 acres had been prepared as of June 30, 1974.

Of the 6,631 farmers in the watershed, 5,667 were district cooperators and 4,392 had developed conservation plans for their lands as of June 30, 1974. Good progress continues in the installation of land treatment measures. About 85 percent of the planned treatment measures has been applied. Major accomplishments to date include 182,000 acres of critical area treatment, 4,115 debris basins, 4,519,000 feet of drainage ditches, 4,883 farm ponds, 2,322,000 feet of diversion ditches and 134,300 acres of pasture and hayland planting.

Eighty-eight of the 102 floodwater retarding structures planned have been constructed. One multi-purpose structure for recreation, 1,319,957 linear feet of stream channel improvement, 1,071 grade stabilization structures, and 1,484,338 feet of streambank protection have been installed. One hundred and forty-nine miles of major channel are complete.

Forestry measures are provided by the Forest Service. Regular programs of other agricultural and forestry agencies have contributed to the flood prevention effort.

To date, over 215,800 acres have been planted to trees to stabilize critically erodible areas. Ninety percent of this is on private lands; 10 percent is on National Forest System lands. In Fiscal Year 1974, 3,232 acres were planted. To stop gully erosion, 1,600 gully plugs were installed. More than 1,500 additional acres were improved through forest management practices. Altogether, 750 individuals received direct management services or recommendations on 26,800 acres.

Forest industries now utilize the great timber resource created when these lands were rehabilitated. Maintaining the degree of protection to water, soil and the environment will require a sustained planting rate and increased management and improvement assistance.

The continuation of the watershed program offers employment and training opportunities each year. The project's work force was supplemented by local planting crews in an area of underemployment.

Recent sediment surveys on the U. S. Corps of Engineers reservoir attest to the success of the land treatment program in the flood prevention project area. The reduction of sediment due to conservation work is expected to prolong the useful life of the flood control reservoir to an estimated 800 years.

The completion of the Greasy Creek subwatershed project (15,802 acres) consisting largely of 14 floodwater and sediment structures and treatment of about 4,000 acres of critical sediment-producing areas, has resulted in eliminating \$40,000 in damages that normally occurred each year.

The completion of recreation development (260 acre lake in National Forest) is affording opportunities for several thousand people in Marshall, Benton, and Union Counties to enjoy this recreation project. This is a multi-purpose structure in the Tippah River project.

Los Angeles River Watershed, California

The Los Angeles River Project covers 536,960 acres of which 73 percent is privately owned and 27 percent is federal land in the Angeles National Forest. The Department is cooperating with the Los Angeles County Flood Control District in the development of this project. Flood prevention works of improvement being installed supplement improvements being made by the Corps of Engineers on principle river channels. This watershed is characterized by high intensity rainstorms of short duration. Erosion in the watershed is severe during peak run-off and sediment is deposited on the relatively flat valley floor during flood flows. Channel capacity from steep canyons to the Los Angeles River is inadequate for normal winter run-off in most instances.

Because of rapid urban development in San Fernando Valley, practically all of the land treatment work on private land today consists of street drainage and storm drains planned and constructed entirely by local agencies.

About 96% of planned structural measures are complete in the ten active subwatersheds. Work completed as of June 30, 1974, includes about 37 miles of open channel improvement, 31 miles of streambank protection over nine miles of stream

channel stabilization, 234 grade stabilization structures, and two debris basins. Improvement of the fifth and final unit of Bull Creek was completed in fiscal year 1972 under a construction contract awarded and administered by the Sponsors. This improvement involved construction of 1.02 miles of reinforced concrete box conduit and appurtenant work. Construction of this fifth unit of Bull Creek completes the Soil Conservation Service work on the Los Angeles River Flood Prevention Project.

Project activities by the Forest Service continued on National Forest lands and, in cooperation with the Los Angeles County and Los Angeles City fire departments, for the non-federal lands.

Accomplishment by the Forest Service in Fiscal Year 1974 included 0.4 miles of channel stabilization and 8 grade stabilization structures. Land treatment included 38 acres of critical area treatment and stabilization of 5.1 miles of roads. Over 26 miles of fire roads and firebreaks and 66 acres of fire hazard reduction and the construction of one helispot helped keep fire losses to a minimum. Thirty-nine acres of critically eroding area was stabilized by vegetative planting. Ten acres were seeded to provide vegetative cover on a burned area.

This year a total of 39 fires burned 148 acres within the watershed. This was less than 9 percent of the 44 year average acres burned per year. An additional 9 fires were suppressed in the "threat area" outside of the Los Angeles watershed.

Storms, after completion of the various subwatershed waterway improvements, have served to prove the adequacy and effectiveness of the measures installed. Completed improvements have functioned as intended and adequately handled substantial flood discharges although not all works have been subjected to maximum design flows. Flood flows that formerly over-topped natural channels and caused considerable water and deposition damage to agriculture and urban development are now being safely carried to the Los Angeles River and various flood control basins through channel works of improvement constructed under the program. All completed improvements have functioned satisfactorily and there has been no damage during the past season to any of the works installed under the program.

Emergency Measures

Under authority of Section 216 of the Flood Control Act of May 17, 1950, the Soil Conservation Service in cooperation with the Forest Service provided for emergency work during fiscal year 1974 in Alabama, Arkansas, California, Georgia, Illinois, Kentucky, Louisiana, Maryland, Minnesota, Mississippi, Missouri, Nevada, New Hampshire, New York, North Carolina, Oregon, Pennsylvania, South Dakota, Tennessee, and Vermont.

Emergency measures initiated during fiscal year 1974 with Hurricane Agnes and the Black Hills, South Dakota supplemental appropriation funds include revegetation and critical area planting in 16 areas, stabilization and revegetation of 51 streambanks, and removal of sediment and debris accumulations from 39 clogged streams.

Emergency measures initiated during fiscal year 1974 with Mississippi area flood supplemental appropriation funds include revegetation and stabilization of exposed streambanks on 126 streams and removal of sediment and debris from 162 reaches of clogged streams. In addition, water resource structures were repaired that if left unrepaired would have threatened the safety of life and property. Structural repair included 64 floodwater retarding structures, 28 levees, 134 drop structures or pipe overflows, 85 grade control structures, and 15 debris basins.

The \$300,000 normally appropriated for emergency watershed protection was allocated to the Soil Conservation Service and to the Forest Service to install emergency measures following severe floods in Georgia, Nevada, New Hampshire, New York, North Carolina, Oregon, and Vermont. A total of \$273,178 was committed. Emergency

measures installed include revegetative or critical area planting in seven areas, stabilization and revegetation of 17 streambanks, and removal of sediment and debris deposits in 9 reaches of clogged streams.

The supplemental appropriation for the Northeast, Northwest, Mississippi, Missouri, Arkansas, and North Dakota and adjacent areas was approved June 8, 1974. Urgent emergency measures will be installed in fiscal year 1975.

PROGRESS IN BASIC DATA COLLECTION

The Southern Forest Experiment Station projects located at Oxford, Mississippi, within the watersheds of the Yazoo and Little Tallahatchie Rivers continue their work on the study and development of techniques for managing these erosive forest watersheds. The coordinated work of project personnel with the Experiment Station staff make immediate interpretation and application of findings possible. Collection of data by project personnel with analysis and interpretation by the Station staff continues to build a fund of information, making more effective the expenditures for project treatment.

STATUS OF WATERSHED PROTECTION AND FLOOD PREVENTION LOAN PROGRAMS

Under sections 4 and 8 of Public Law 566, 83rd Congress, as amended, loans are authorized to be made to local organizations for financing the local share of the cost of installing planned works of improvement in approved watershed projects and in the authorized flood prevention watersheds. Loans may also be made for organizational expenses and legal costs. The Farmers Home Administration is responsible for making these loans to sponsors of projects. No loan may be made until the Soil Conservation Service and the local organization have agreed on a plan for works of improvement, and in the case of PL-566 watershed projects, the project must be approved for operations. Loan funds are available on an insured basis through the Agricultural Credit Insurance Fund. Funds for loan services are allotted to the FmHA from funds provided in the Watershed and Flood Prevention Operations appropriation.

No loans are made under this authority for the local costs of installing conservation land treatment measures. Land treatment measures benefit primarily the lands upon which they are installed and costs are normally borne by individual landowners.

The following tabulation shows the status of the watershed works of improvement and flood prevention loan program and amounts obligated or estimated to be obligated for loans to local sponsoring organizations of projects:

Explanation	(Dollars in thousands)					
	1974 Actual		1975 Estimate		1976 Estimate	
	No.	Amount	No.	Amount	No.	Amount
1. Applications on hand at beginning of year.....	50	\$24,500	38	\$16,038	25	\$15,638
2. Applications received during year.....	<u>27</u>	<u>11,340</u>	<u>53</u>	<u>20,000</u>	<u>69</u>	<u>23,460</u>
3. Total applications for consideration during year.....	77	35,840	91	36,038	94	39,098
4. Loans obligated during year.....	39	19,802 ^{1/}	66	20,400	66	20,400
5. Applications pending at end of year.....	38	16,038	25	15,638	28	18,698
6. Loans obligated end of year (cumulative).....	375	94,575	441	114,975	507	135,375

^{1/} Obligations not adjusted for prior year loan cancellations.



Above is installation of rip-rap on Lick Creek in Phillips County, Arkansas. This emergency measure will stabilize the streambank exposed during the March 1973 storm. Below, on Caney Creek streambank in Cross County, Arkansas, stabilization is urgently needed to protect against further loss of life and property.



Applications for loans received by the Farmers Home Administration vary greatly in amount. Applications now pending average about \$150,000 each. Most applications include funds to purchase land easements or rights-of-way and pay legal fees and organization costs. The larger loan requests include funds to pay the local organizations share of the installation costs of drainage channels, municipal water storage, irrigation works, recreational facilities, natural beauty, and other multiple-purpose improvements.

(e) Great Plains Conservation Program

Appropriation Act, 1975	\$20,000,000
Budget Estimate, 1976	<u>20,575,000</u>
Increase in Appropriation	+575,000

Adjustments in 1975:

Appropriation Act, 1975	\$20,000,000	
1975 Supplemental Appropriation		
for pay cost	<u>196,000</u>	
Adjusted base for 1976		20,196,000
Budget Estimate, 1976		<u>20,575,000</u>
Increase over adjusted 1975		+379,000

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

	1975	Increase or Decrease	1976 Estimate
Cost-sharing assistance	\$14,000,000	--	\$14,000,000
Technical services and related expenses . .	6,000,000	--	6,000,000
GSA space rental cost	--	+103,000	103,000
Annualization of the pay cost increase			
effective in FY 1975	196,000	+276,000	472,000
Total available	<u>20,196,000</u>	<u>+379,000</u>	<u>20,575,000</u>

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1974	1975 (estimated)	Increase or Decrease	1976 (estimated)
1. Great Plains Conservation				
Program:				
(a) Cost-sharing assistance . .	\$12,692,235	\$14,000,000	\$ --	\$14,000,000
(b) Technical services & related expenses	5,560,765	6,196,000	+379,000(1)	6,575,000
Total adjusted appropriation . . .	18,253,000	20,196,000	+379,000	20,575,000
Proposed supplemental for pay				
increase cost	--	-196,000		
Total appropriation	18,253,000	20,000,000		

PROJECT STATEMENT
(On basis of available funds)

Project	1974	1975 (estimated)	Increase or Decrease	1976 (estimated)
1. Great Plains Conservation				
Program:				
(a) Cost-sharing assistance	\$12,692,235	\$14,000,000	--	\$14,000,000
(b) Technical services & related expenses	5,600,585	6,308,469	+266,531(1)	6,575,000
Total, obligations	18,292,820	20,308,469	+266,531	20,575,000
Unobligated balance brought forward	-152,289	-112,469	+112,469	--
Unobligated balance carried forward	+112,469	--	--	--
Total, adjusted appropriation . . .	18,253,000	20,196,000	+379,000	20,575,000

EXPLANATION OF PROGRAM

The appropriation "Great Plains Conservation Program" funds Soil Conservation Service activities authorized under Public Law 1021, 84th Congress, (16 U.S.C. 590p), as amended. Public Law 91-118 extended the Great Plains cost-share contracting authority to December 31, 1981. Activities include:

- Long-term cost-sharing contracts - to accomplish planned conservation work by farmers and ranchers in designated counties of the ten Great Plains States.
- Technical assistance - provided by Soil Conservation Service personnel to farmers and ranchers in accomplishing contract provisions.
- Installation of conservation systems on entire operating units to:
 - provide needed protection and improvement of soil, water, plant, and wildlife resources;
 - contribute to total environmental improvement by reducing erosion caused by wind and water, sedimentation and by abatement of agricultural related pollutants; and
 - help stabilize the local economy.

This program supplements other soil and water conservation programs and activities in the counties designated by the Secretary. It is also coordinated with programs and objectives of locally managed conservation districts, state agencies, and community groups.

<u>Program results</u>	<u>FY 1974</u> <u>Actual</u>	<u>FY 1975</u> <u>Estimate</u>	<u>FY 1976</u> <u>Estimate</u>
Number of new contracts-annual	2,599	2,855	2,855
Acres under contract (1,000's)-annual ..	4,200	5,151	5,151
Number active contracts requiring technical assistance during the year-annual	18,844	19,052	19,539

INCREASES AND DECREASES

- (1) An increase in appropriations of \$379,000 for Great Plains Conservation Programs (\$20,196,000 appropriated in FY 1975). On the basis of available funds there is an increase of \$266,531 consisting of:

(a) An increase of \$276,000 for annualization of pay increases effective in FY 1975.

(b) An increase of \$92,000 for space rental costs. These costs were absorbed in FY 1975 resulting from the proposed merger of Departmental cost-share programs.

(c) An increase of \$11,000 for space rental costs.

Under current procedure the Agency is required to budget for the cost of agency occupied GSA controlled space. The 1975 Appropriation Act limited the Department to paying 90 percent of the standard level user charge used in the computing of the 1975 request. For FY 1976 the Budget reflects 100 percent funding for the estimated billings provided by the General Services Administration.

(d) A decrease of \$112,469 for nonrecurring work in 1975.

The current 1975 estimate includes the use of carryover balances of \$112,469 to complete work initiated in 1974. The program level provides for pay and GSA cost increases and is comparable to the 1975 program level when an allowance is made for the nonrecurring work that will be completed in 1975. If in 1975 all available funds are not obligated, they will be automatically carried forward and added to the 1976 appropriation.

TRANSITION BUDGET

Great Plains Conservation Program

Transition Budget Estimate..... \$6,000,000

JUSTIFICATION OF TRANSITION BUDGET ESTIMATE

The months of July, August, and September comprise a period of major construction activity. During that period, cooperators are carrying out needed conservation practices as provided in cost-sharing contracts. New participants are anxious to initiate planned conservation work. A heavy demand is normally made of Soil Conservation Service personnel and facilities to accomplish an increased workload during these months. The appropriation requested for the transitional period reflects the seasonal workload fluctuations.

STATUS OF PROGRAM

Current Activities: The Great Plains Conservation Program is authorized by Public Law 1021, 84th Congress, (16 U.S.C. 590p), as amended. Public Law 91-118 extended the Great Plains cost-share contracting authority to December 31, 1981. This program provides technical assistance and long-term cost sharing to land users in designated counties of the Great Plains States.. It is designed to provide needed protection and improvement of soil, water, plant, and wildlife resources of this vast agricultural area which is plagued with recurring wind erosion problems. Installation of complete conservation programs on entire operating units in the area helps to stabilize the local economy, and that of the individual producers. The work supplements other soil and water conservation programs and activities. It is coordinated with programs and objectives of locally managed conservation districts, state agencies, and community groups. This program contributes to total environmental improvement through reduction of wind and water erosion and abatement of agricultural related pollutants.

Counties Designated for Program Participation

As of December 1, 1974, the Secretary had designated 469 counties in the 10 Great Plains States as eligible to participate in the Great Plains Conservation Program. The number of counties designated in each state is:

Colorado	-	37	North Dakota	-	38
Kansas	-	62	Oklahoma	-	30
Montana	-	39	South Dakota	-	47
Nebraska	-	61	Texas	-	123
New Mexico	-	19	Wyoming	-	13

Factors Affecting County Eligibility

Determination of a county's eligibility for participation in the program is based on conservation needs and interests of local people. The physical factors for consideration include susceptibility of the land to serious wind erosion, and the need for changes in land use, cropping systems, and grassland management. The responsibility for determining local interest in the program rests with the State Program Committee. Their procedures may include public hearings, petitions of land owners and operators, resolutions by local groups, and requests of county leaders interested in the conservation of land and water resource.

Type of Assistance Furnished by the Department

Assistance furnished under this appropriation to participating farmers and ranchers in the 10 Great Plains States consists of the following:

- 1 Cost-shares for installation of permanent-type conservation practices under long-term contracts. The complete conservation plan for each farm or ranch unit shows planned changes in land use and cropping systems, a time schedule for the conservation work to be done, and the cost-shares to be paid for the installation of specified practices. The cost-share contracts may cover periods of 3 to 10 years. Financial assistance helps each program participant install needed conservation practices within the specific time period scheduled in his contract.

2. Technical services of soil conservationists, engineers, and other agricultural specialists to help install sound conservation programs adapted to each farm or ranch. These services include:
 - a. Help in developing practical schedules for applying treatment measures. These are generally developed from conservation plans prepared under the Conservation Operations Program. The schedules provide for orderly adjustments in land use, application of needed conservation treatments and use of improved management techniques.
 - b. Technical help with installation of planned treatment measures. The farmer or rancher is responsible for carrying out his plan of operation as scheduled in his contract. Installation services are provided when needed for site selection, topographic surveys, detail designs, practice layout, and construction. Technical assistance is furnished to help each cooperating farmer or rancher carry out the management features of his conservation plan. Examples of management, noncost-shared practices are proper grazing of grassland, proper irrigation water management, and good crop residue management on cultivated land.

Program Assignments

The Soil Conservation Service has general responsibility for administration of the Great Plains Conservation Program. The Agricultural Stabilization and Conservation Service participates in county program development and coordination of activities.

The following table shows funds obligated under the Great Plains Conservation Program in 1974 by agency and estimates for 1975 and 1976 on the basis of available funds:

Item and Agency	1974 Obligations	1975 Estimate	1976 Estimate
Cost-Share Contracts:			
Soil Conservation Service.....	\$12,692,235	\$14,000,000	\$14,000,000
Technical Services and Related Expense:			
Soil Conservation Service.....	5,516,585	6,216,469	6,481,000
Agricultural Stabilization and Conservation Service.....	84,000	92,000	94,000
Subtotal.....	5,600,585	6,308,469	6,575,000
Total Obligations.....	\$18,292,820	\$20,308,469	\$20,575,000

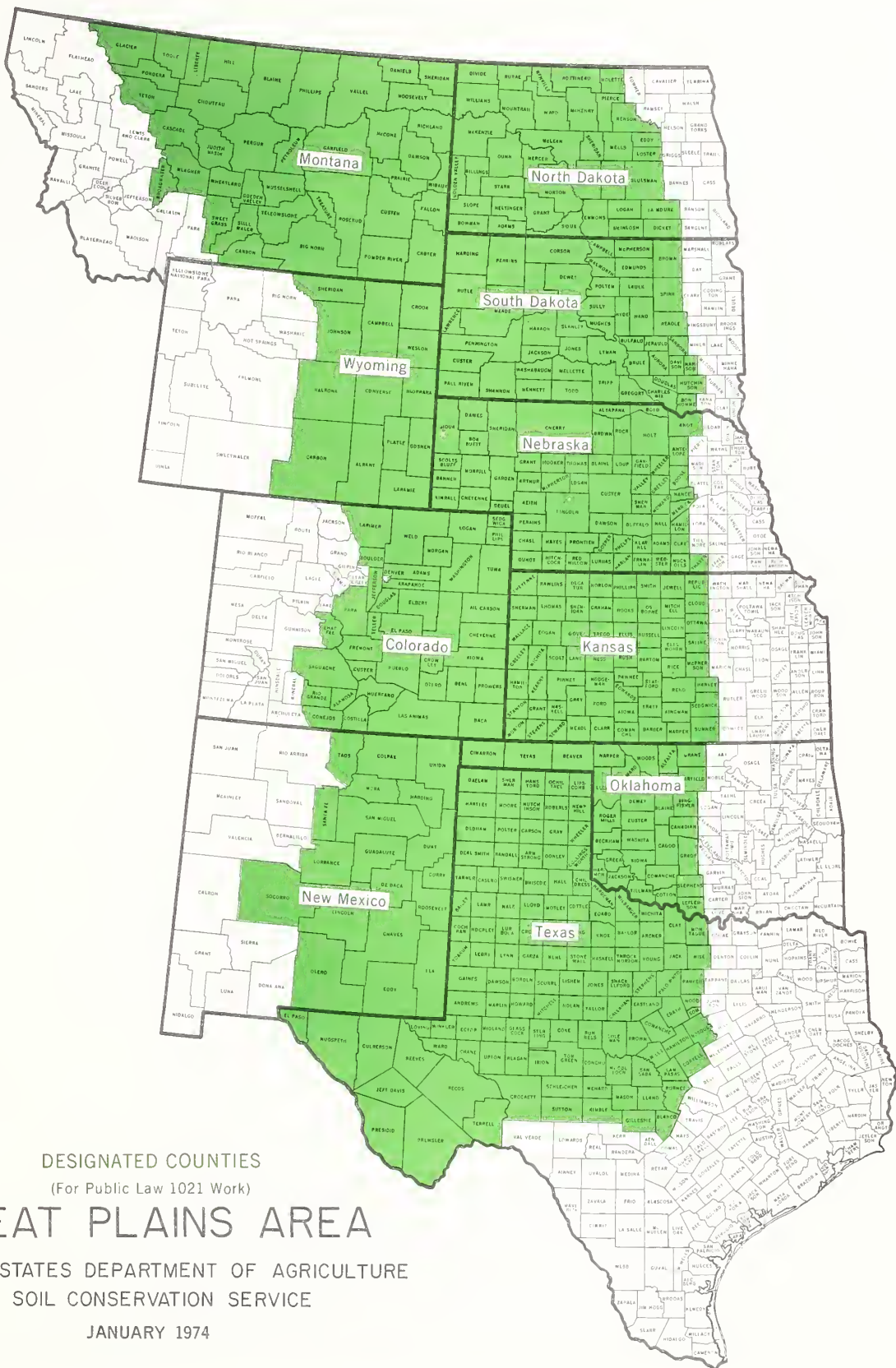
Selected Examples of Recent Progress:

Aiding Rural Development

The work under this program has been effective in stabilizing many farm and ranch enterprises within the area. Cooperating land owners or operators are encouraged to systematically apply a well-planned conservation program to their land. Establishment of adapted grass varieties on low producing croplands provides additional income as well as conservation benefits.

Changes in Land Use Needed

Special emphasis is placed on helping land owners and operators make needed land use changes. Much of the Great Plains area is suited to production of cultivated crops when needed conservation measures are properly applied. There are, however, areas of land now in cultivation that are not suited to such use



DESIGNATED COUNTIES

(For Public Law 1021 Work)

GREAT PLAINS AREA

UNITED STATES DEPARTMENT OF AGRICULTURE
SOIL CONSERVATION SERVICE

JANUARY 1974



Keeping the remains of the previous crop on the surface helps control both wind and water erosion. Farmers report about the same crop yields under minimum tillage as with conventional tillage. Disk openers permit planting through the stubble. Weeds are controlled with approved pesticides. Minimum tillage is one of the planned management practices carried out under the Great Plains Conservation Program without cost-sharing.



The extra cover resulting from minimum tillage benefits irrigated cropland. Texas irrigators say the reduced evaporation saves about one application of irrigation water in an average year.

because of soil type, topography, and low rainfall. Soil surveys provide essential land facts on which to base conservation and land use plans.

Program participants are converting much of the land unsuited for cultivation to permanent vegetative cover and reseeding denuded rangelands. Cost-share contracts as of June 30, 1974, include 13,257,720 acres which were being used as cropland at the time the contracts were signed. The conservation plans developed and made a part of the contracts provide for the conversion of 2,798,786 of these acres (about 21%) to permanently vegetated rangeland or other noncrop uses. During fiscal year 1974, farmers and ranchers completed the establishment of 140,048 acres of permanent vegetative cover and reseeded 121,542 acres of deteriorating rangeland.

Technical Assistance Workload

Installation services for contracted practices are programmed both annually and on a long-term basis. Such help must be made available when practices are scheduled for installation. The technical workload associated with contracted practices increases from year to year as more participants enter the program. This will continue until contract expirations balance new contracting.

Technical assistance necessary to service Great Plains contracts is provided from local staffs which service all conservation programs active at each location. In 1974, about 341 man-years were used for technical services. Technical time provided under this appropriation average less than one man-year per county.

Applications for Assistance and Cost-Share Contracts

Interest in the Great Plains Conservation Program continues. Farmers and ranchers are making good progress in conservation plan development and application. The following table shows projections of needed program assistance and cost share contracts:

Explanation	1974 Actual	1975 Estimate	1976 Estimate
Applications for assistance received:			
Current fiscal year.....	2,502	3,500	3,500
Cumulative to June 30.....	53,744	57,244	60,744
Contracts signed:			
Current fiscal year.....	2,599	2,855	2,855
Cumulative to June 30.....	47,739	50,594	53,449
Acreage in contracts:			
Current fiscal year.....	4,200,049	5,151,000	5,151,000
Cumulative to June 30.....	86,190,485	91,341,485	96,492,285
Unserviced applications as of June 30:			
Number.....	6,005	6,650	7,295
Acreage.....	15,448,644	17,108,000	18,763,000

Status of Contracts Signed

The average size of farm and ranch units placed under contract in fiscal year 1974 was 1,616 acres. Cumulatively units placed under contract through June 30, 1974, averaged 1,805 acres. The following table shows the status of cost-share contracts as of June 30, 1974:

<u>Explanation</u>	<u>Number</u>	<u>Acres</u>
Contracts signed.....	47,739	86,190,485
Contracts terminated:		
By mutual consent.....	1,649	2,182,445
For cause.....	1,003	857,480
By expiration.....	28,890	50,454,932
Total terminations.....	31,542	53,494,857
Active contracts.....	16,197	32,695,628

Progress and Cost-Sharing Under Contracts

Thirty-three soil and water conservation practices are cost-shared under the Great Plains Conservation Program. Cost-share rates vary from 50 to 80 percent of the estimated average installation cost. Program participants generally pay about 35 percent of the total costs of installing cost-shared practices, and the entire cost for management practices.

The amount of cost-shared practices applied and cost-shares paid in FY 1974 and cumulative at the end of FY 1974 were:

Great Plains Practices	Unit	<u>Extent Applied</u>		<u>Cost-Shares Paid</u>	
		<u>FY</u>	<u>Cumulative</u>	<u>FY</u>	<u>Cumulative</u>
		<u>1974</u>	<u>6/30/74</u>	<u>1974</u>	<u>6/30/74</u>
		<u>Amount</u>	<u>Amount</u>	<u>Dollars</u>	<u>Dollars</u>
<u>Initial Application</u>					
Establish permanent vegetative cover.....	Acres	140,048	2,286,751	1,356,868	19,464,483
Establish field/wind strip-cropping.....	Acres	33,550	911,070	50,476	1,192,251
Establish contour strip-cropping.....	Acres	5,305	158,834	35,227	677,269
Establish contour farming..	Acres	....	4,981	....	4,469
Re-establishing grasslands.	Acres	121,542	1,792,282	1,428,666	17,573,544
Establishment of trees and shrubs.....	Acres	2,081	37,501	162,273	2,148,670
Establish permanent waterways.....	Acres	2,472	40,664	364,990	4,382,185
Terraces.....	Miles	3,983	75,409	1,283,748	18,542,808
Diversions.....	Miles	250	4,860	163,869	2,535,676
Grassland mechanical treatment.....	Acres	12,916	358,858	21,064	413,548
Dams for eros. control detention.....	Number	1,019	21,460	328,034	4,643,016
Grade stabilization structures.....	Number	254	4,109	105,967	1,045,191
Streambank protection, etc.	L. Ft.	13,230	270,942	18,814	298,110
Diversion dams and spreader ditches.....	Acres	17,404	130,566	188,847	2,534,305
Reorganizing irrigation systems.....	Number	250	4,678	245,484	6,747,068
Irrigation land leveling...	Acres	5,508	215,034	204,525	6,433,351
Dams, pits, or ponds for irrigation.....	Number	25	733	24,527	610,247
Lining irrig. ditches, canals, etc.....	L. Ft.	121,750	1,828,399	63,343	1,585,654
Wells.....	Number	2,029	20,522	672,249	10,575,580
Developing springs and seeps.....	Number	187	2,804	46,558	510,910
Constructing dams, pits, or ponds.....	Number	1,967	26,446	988,830	12,316,646

Practices Applied and Cost-Shares Paid

Great Plains Practices	Unit	Extent	Applied	Cost-Shares Paid	
		FY	Cumulative	FY	Cumulative
		1974	6/30/74	1974	6/30/74
		Amount	Amount	Dollars	Dollars
<u>Initial Application</u>					
Pipelines.....	Miles	879	7,860	946,015	8,387,045
Controlling competitive shrubs.....	Acres	249,792	5,133,933	660,699	13,620,723
Fences.....	Miles	1,670	15,786	625,121	5,449,458
Critical area treatment....	Acres	2,810	8,260	189,055	595,946
Irrig. tailwater recovery system.....	Number	28	95	12,781	43,085
Disposal lagoons.....	Number	14	43	14,796	41,606
Recreation land grading & shaping.....	Acres	....	3	....	123
Water storage facilities...	Number	1,479	4,100	380,895	1,080,890
Catchment basins.....	Number	1	5	5,854	24,552
Shallow water areas.....	Number	13	57	6,477	31,617
Holding ponds and tanks....	Number	33	51	33,250	58,721
Wheatgrass barriers.....	L. Ft.	206,554	206,554	333	333
<u>Reapplication</u>					
Establish perm. vegetative cover.....	Acres	8,556	147,843	87,624	1,098,962
Establish field/wind stripcropping.....	Acres	....	246	....	320
Contour stripcropping.....	Acres	....	25	....	117
Re-establishing grasslands.	Acres	6,954	82,792	83,267	777,940
Establishment of trees or shrubs.....	Acres	88	3,060	5,258	113,560
Establish permanent waterways.....	Acres	246	3,594	14,091	107,719
Terraces.....	Miles	119	925	18,003	163,517
Diversions.....	Miles	2	11	633	4,477
Grassland mechanical treatment.....	Acres	....	220	-140	220
Dams for eros. control detention.....	Number	4	42	6,268	28,616
Grade stabilization structures.....	Number	....	14	219	2,869
Streambank protection, etc.	L. Ft.	....	1,063	....	11,657
Diversion dams and spreader ditches.....	Acres	180	3,697	4,171	29,000
Reorganizing irrigation systems.....	Number	....	5	172	5,255
Irrigation land leveling...	Acres	....	586	....	11,615
Dams, pits, or ponds for irrigation.....	Number	....	6	....	2,410
Lining irrig. ditches, canals, etc.....	L. Ft.	....	217	....	163
Wells.....	Number	3	67	1,141	29,626
Developing springs and seeps.....	Number	....	7	....	1,560
Constructing dams, pits, or ponds.....	Number	4	81	1,166	31,751
Pipelines.....	Miles	....	7	383	5,819
Controlling competitive shrubs.....	Acres	2,238	57,078	4,474	105,763
Fences.....	Miles	....	1	....	109
Critical area treatment....	Acres	187	524	4,717	16,191
TOTAL	XXXX	XXXXXXX	XXXXXXX	\$10,861,079	\$146,118,313

Note: The total amount of cost-shares paid by primary purpose is:

	FY1974	Cumulative 6/30/74
Wind and water erosion protection	\$10,739,987	\$145,865,752
Fish, wildlife, and recreational uses	62,989	140,233
Economic use of land	2,378	12,362
Agricultural-related pollution	55,725	99,966

WIND EROSION CONDITIONS IN THE GREAT PLAINS
For the 1973-74 Wind Erosion Season

Reports were submitted from 281 counties in the 10 Great Plains States. Counties reporting are those in which wind erosion was prevalent or expected during the 1973-74 season. The acreage of land damaged is cumulative for the period November 1, 1973 to May 31, 1974.

Land Damaged

A total of 3,756,444 acres was reported damaged. This was more than reported for either of the two preceding wind erosion seasons, but about one million acres less than were reported damaged during the 1970-71 wind erosion season. Of the total land reported damaged 94.1% was cropland (3,534,442 acres), 3.6% rangeland (136,980 acres) and 2.3% other land (85,022 acres). The Northern Plains States reported 1,041,708 acres (27.7%) and the Southern Plains States reported 2,714,736 acres (72.3%). Texas reported 2,053,735 acres damaged, or 54.5% of the total for the 10 states.

Acres of Land Damaged

Great Plains States	Co's	Land Damaged			Total Land Damaged	
	Rptg.	Cropland	Rangeland	Other Land	5/31/74	5/31/73
	No.	Acres	Acres	Acres	Acres	Acres
Northern:						
Montana	19	530,650	19,000	650	550,300	210,075
Nebraska	10	39,000	7,500	2,660	49,760	17,050
North Dakota	52	247,800	200	-	248,000	316,180
South Dakota	37	172,257	150	82	172,489	161,123
Wyoming	7	15,159	4,900	1,100	21,159	19,800
Subtotal	125	1,005,466	31,750	4,492	1,041,708	724,228
Southern:						
Colorado	37	91,390	15,200	7,920	114,510	67,330
Kansas	39	80,576	600	500	81,676	20,158
New Mexico	7	359,300	35,850	6,200	401,350	35,800
Oklahoma	17	52,965	100	10,400	63,465	92,520
Texas	56	1,944,745	53,480	55,510	2,053,735	1,018,250
Subtotal	156	2,528,976	105,230	80,530	2,714,736	1,234,058
Grand Total	281	3,534,442	136,980	85,022	3,756,444	1,958,286

Crops or Cover Destroyed on Land Not Damaged

The crop or cover was destroyed on 580,833 acres of land not damaged. Crops or cover destroyed in Southern Great Plains States (421,468 acres) represents 73% of the total.



Poor rangeland produces poor cattle. Below, well fed Wyoming cattle on rangeland improved through a Great Plains Conservation Program contract.



Land Undamaged Due to Emergency Tillage

Emergency tillage to prevent land damage was reported on 2,631,110 acres. Emergency tillage in Texas (2,034,920 acres) represents 77.3% of the total acres treated. The Southern Great Plains States reported 88.6% of the emergency tillage.

Selected Examples of Program Accomplishments

Jack Tucker of Rocky Ford, Colorado, plans to convert 1,000 acres of irrigated cropland to pasture and hayland, under his Great Plains Conservation Program contract. More than 300 acres have already been converted with federal cost-sharing assistance.

As the change is made to grass farming, the irrigation system is changed from furrow to sprinkler. The switch to grass and sprinklers saves labor and water. Mr. Tucker says he can no longer hire the help needed and he and his son can not irrigate the cropland with a furrow irrigation system. They can sprinkle irrigate 280 acres of grass with the same amount of labor and water it took to irrigate 100 acres with furrows. An added bonus is an associated reduction of soil erosion which lessens the sediment in the Arkansas River.

Mr. Tucker is developing livestock water sources and building fences to control grazing as part of his planned management system.

Over a 73 year period, a drainage ditch in the Black Hill Basins, Custer County, Nebraska, turned into a one-half mile long canyon up to 70 feet deep. This began in 1900 when someone pulled a plow furrow to drain a lagoon with a watershed of 4.5 square miles of good farmland. The gully advanced upstream as much as 100 feet in some years.

In 1973, Dennis E. Moore, operator of 320 acres of land owned by the State Board of Education, Land and Funds, signed a Great Plains Conservation Program contract to stabilize the canyon and control other erosion. By August 1974, a structure to stabilize the huge gully was finished. A county road crosses the gully on top of the dam.

The total cost of the structure was \$23,922. The Great Plains Conservation Program share of the cost was \$10,647. Because there are many community benefits, the Board of County Commissioners and the Natural Resources District shared part of the remaining cost.

Minimum tillage is a crop residue management practice which is being more widely used in the Plains area. Farmers and ranchers are finding that minimum tillage not only reduces wind and water erosion, but, also, helps conserve another scarce resource--fuel. In Texas, minimum tillage annually eliminates an average of five tractor operations per acre. Each tractor operation requires about one gallon of fuel per acre. Texas conservation farmers saved an estimated six million gallons of tractor fuel in 1974 by using minimum tillage on about 1.2 million acres of cropland.

(f) Resource Conservation and Development

Appropriation Act, 1975	\$19,868,000
Budget Estimate, 1976	<u>25,012,000</u>
Increase in Appropriation	+5,144,000

Adjustments in 1975:

Appropriation Act, 1975	\$19,868,000	
1975 Supplemental Appropriation for pay costs	<u>+452,000</u>	
Adjusted base for 1976		20,320,000
Budget estimate, 1976		<u>25,012,000</u>
Increase over adjusted 1975		+4,692,000

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

	<u>1975</u>	<u>Increase or Decrease</u>	<u>1976 Estimate</u>
Project investigations and planning . .	\$1,535,000	+957,000	\$2,492,000
Resource development and technical services	17,784,000	+3,496,000	21,280,000
Loan services	204,000	-14,000	190,000
GSA space rental costs	345,000	+50,000	395,000
Annualization of the pay cost increase effective in FY 1975	452,000	+203,000	655,000
Total available	<u>20,320,000</u>	<u>+4,692,000</u>	<u>25,012,000</u>

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1974	1975 (estimated)	Increase or Decrease	1976 (estimated)
1. Project investiga- tions and planning:	\$ 1,375,857	\$ 1,655,000	+981,000	\$ 2,636,000
2. Resource develop- ment and technical: services	15,640,440	18,454,000	+3,723,000	22,177,000
3. Loan services . . .	188,000	211,000	-12,000	199,000
Total adjusted appropriation . . .	17,204,297	20,320,000	+4,692,000(1)	25,012,000
Transfer to GSA . . .	+12,703	--	:	
Proposed supplemental for pay increase costs	--	-452,000	:	
Total appropriation .	17,217,000	19,868,000	:	

PROJECT STATEMENT
(On basis of available funds)

Project	1974	1975 (estimated)	Increase or Decrease	1976 (estimated)
1. Project investiga- tions and planning:	\$ 2,349,342	\$ 2,600,000	+36,000	\$ 2,636,000
2. Resource develop- ment and technical: services	19,606,440	23,662,315	-1,485,315	22,177,000
3. Loan services . . .	206,640	211,000	-12,000	199,000
Total obligations . .	22,162,422	26,473,315	-1,461,315(1)	25,012,000
Unobligated balance brought forward . .	-11,111,440	-6,153,315	+6,153,315	--
Unobligated balance carried forward . .	6,153,315	--	--	--
Total adjusted appropriation . . .	17,204,297	20,320,000	+4,692,000	25,012,000

EXPLANATION OF PROGRAM

The appropriation "Resource Conservation and Development" of the Soil Conservation Service funds the activities authorized under Section 32(c) of Title III of the Bankhead-Jones Farm Tenant Act as amended (7 U.S.C. 1011 76 Stat. 607), and the provisions of the Act of April 27, 1935, (16 U.S.C. 590a-f). Activities are as follows:

Project investigations and planning - Staff assistance is provided to local sponsors in the preparation of their long range plans for the conservation and utilization of the natural resources in the project area. The workload consists of planning in 49 areas. Of these, 10 are areas where planning will be initiated in 1976 and 39 where planning initiated in prior years will be continued. Project plans are expected to be completed in 35 of these areas. Planning activities in 1976 are expected to require 124 man-years.

Item	1974 Actual	1975 Estimate	1976 Estimate
Planning Starts (no.)	25	25	10
Planning Starts (cumulative)	148	173	183
Plans in Process during year (no.)	66	64	49
Plans Completed during year (no.)	27	25	35
Plans Completed cumulative (no.)	109	134	169

Resource development and technical services (project operations) - Technical and financial assistance are provided to local sponsors for developing and accomplishing measure plans identified during the project planning process. The workload consists of completing 1,100 measures and 15 environmental statements in the 169 project areas for which project plans will have been completed. Technical assistance is expected to total 553 man-years in 1976. Eight million dollars will be available for sharing in the cost of installing planned measures.

Project Operations Obligations
(Dollars in thousands)

	: 1974 Actual		: 1975 Estimate		1976 Estimate	
	: Number	Amount	: Number	Amount	: Number	Amount
Projects in operations and amounts obligated:						
a. Underway at beginning of yr..	82	\$17,716	109	\$21,912	134	\$20,577
b. Authorized during year	27	1,890	25	1,750	35	1,600
Total in operations	109	19,606	134	23,662	169	22,177
Prior year obligations	XX	74,838	XX	94,444	XX	118,106
Total obligations (cumulative)	XX	94,444	XX	118,106	XX	140,283

Loan services - Funds are provided the Farmers Home Administration to service loans made to sponsors from the Agricultural Credit Insurance Fund. Loans are made when needed to help local sponsors finance the local share of the cost of installing planned measures. The workload consists of servicing 241 loans which will be made by the end of the 1976 fiscal year. Loan servicing is expected to require 12 man-years in 1976.

INCREASES AND DECREASES

- (1) An increase in appropriation of \$4,692,000 for Resource Conservation Development (\$20,320,000) appropriated in FY 1975). On the basis of available funds, there is a decrease of \$1,461,315.

(a) An increase of \$203,000 for annualization of pay increases effective in FY 1975.

(b) An increase of \$50,000 for space rental costs.

Under current procedure the Agency is required to budget for the cost of agency occupied GSA controlled space. The 1975 Appropriation Act limited the Department to paying 90 percent of the standard level user charge used in the computing of the 1975 request. For FY 1976 the Budget reflects 100 percent funding for the estimated billings provided by the General Services Administration.

The 1975 Budget anticipated the use of \$4,439,000 in carryover balances. The current 1975 estimate includes the use of an additional \$1,714,315 to complete work initiated in 1974. The 1976 program level provides for pay and GSA cost increases and is comparable to the 1975 program level when an allowance is made for the nonrecurring work that will be done in 1975. If in 1975 all available funds are not obligated, they will be automatically carried forward and added to the 1976 appropriation.

TRANSITION BUDGET

Resource Conservation and Development

Transition Budget Estimate.....\$6,253,000

JUSTIFICATION OF TRANSITION BUDGET ESTIMATE

The funds requested represent one-fourth of the budget estimate for FY 1976.

STATUS OF PROGRAM

Current Activities: The Resource Conservation and Development (RC&D) Program was initiated in February 1964 under authority of Section 102 of the Food and Agriculture Act of 1962 (P.L. 87-703) and other existing Departmental authorities. This program assistance is provided through RC&D project areas, which are organized and sponsored by units of state and local government. Project sponsors initiate and direct a continuing planning process, develop and maintain an overall project plan for the area and install planned measures. The objective of the program is to expand economic opportunities for the people of an area by assisting them in preparing and carrying out plans of action for the orderly conservation, improvement, development, and wise use of their natural resources.

Agencies of the Department of Agriculture, under program leadership of the Soil Conservation Service, provide technical, financial and loan assistance to local sponsors. Sponsors also seek the assistance of all local, state, and federal agencies which can contribute to the initiation and installation of needed measures.

Basic goals of the Resource Conservation and Development Program are as follows:

1. To develop dynamic rural communities which have a pleasant environment and a satisfactory level of income based on sound, well-planned use of available local resources.
2. To enable local people to sponsor, initiate and carry out coordinated long-range and short term plans and programs for action in resource conservation and development projects designed specifically to meet the needs and conditions of their community.
3. To provide local means of obtaining, coordinating, and using assistance available from the Department and other federal and state sources to help stimulate and develop the resource potentials of the area as shown in the project plan.
4. To create an investment climate attractive to private capital so that resources may be developed to help communities adapt to changing conditions and needs.

A significant feature of resource conservation and development projects is the creation by local leaders of a climate of confidence and community stability. This stimulates investment of private funds in measures such as: new processing plants; new businesses to provide services; private or community water-based recreation facilities; and land treatment and structural measures designed to enhance and protect other investments.

Types of Assistance Furnished by the Department

Assistance provided within project areas under this program can be grouped into two types: (1) preparation and maintenance of long-range project plans and (2) implementation of the plans (operations).

1. Project investigations and planning assistance in carrying out the planning process is furnished to sponsors in authorized project areas. After RC&D Program assistance has been authorized for the applicant area, project sponsors start the development of a long-range project plan. A careful study is made of the land, water, and related resources by the sponsors and involved citizen groups. Alternatives are analyzed and an overall project plan is developed. The plan describes the area, its basic problems and needs. It sets forth the sponsors' objectives and outlines their plans for the prudent management and development

of resources. Sponsors establish major courses of action to be pursued and set priorities for solving identified problems and meeting needs of the area. Measures and activities that will improve the area are identified and explained; schedules for action to carry out measures are included. A continuing planning process permits adding to or modifying the project plan to meet changing needs and to capitalize on new opportunities. Major revisions in the project plan are made as changing conditions warrant. Short-term plans are revised annually.

2. Technical and financial assistance provided in project areas to help implement the overall project plan (operations) include:
 - a. Technical assistance for making necessary resource inventories, soil surveys and interpretations for measure planning and installation.
 - b. Financial assistance to help eligible sponsors plan and install approved measures; including erosion and sediment control (critical area treatment), flood prevention, farm irrigation, land drainage, soil and water management for the control of agricultural-related pollutants, public water-based facilities for recreation and fish and wildlife and water quality management.
 - c. Technical assistance to help sponsors plan and install conservation measures which contribute to achieving project objectives.
 - d. Loans to local sponsoring agencies and groups to help finance approved project activities and measures.

Program Assignments

Administrative leadership for this program is assigned to the Soil Conservation Service. USDA planning assistance is provided primarily by the Soil Conservation Service, Forest Service, and Economic Research Service. Technical assistance for project operations is provided primarily by the Soil Conservation Service, Forest Service, Economic Research Service and Extension Service. The Farmers Home Administration is responsible for carrying out the loan provisions of the program. In addition, other agencies of the Department provide assistance in accordance with their Departmentally assigned functions.

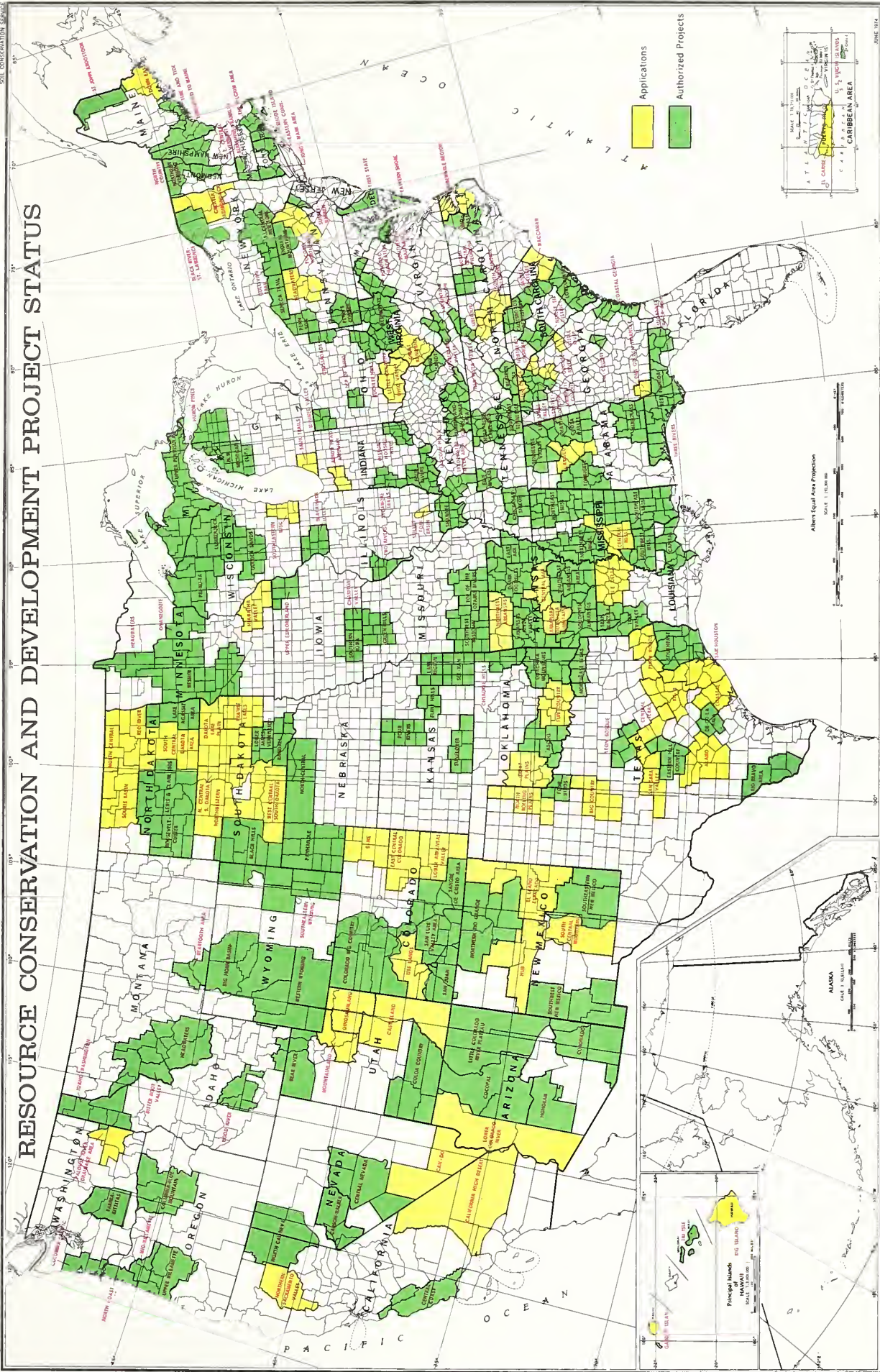
Other federal agencies provide assistance to project sponsors in accordance with their regularly assigned functions. State and local subdivisions of state government participate as permitted within their legal authorities. Thus, RC&D project activities are broader than those created by assistance from this Department alone.

Agency Participation

Funds obligated in 1974 and estimates of projected available funds by agency for 1975 and 1976 are shown in the following table:

	1974 Actual	1975 Estimate	1976 Estimate
Project Investigations and Planning:			
Soil Conservation Service.....	\$2,303,684	\$2,539,000	\$2,581,000
Economic Research Service.....	10,750	11,000	5,000
Forest Service.....	34,908	50,000	50,000
Subtotal.....	2,349,342	2,600,000	2,636,000
Resource Development and Technical Services:			
Soil Conservation Service.....	18,439,732	22,452,783	21,041,000
Economic Research Service.....	128,199	120,000	125,000
Extension Service.....	243,150	296,000	240,000
Forest Service.....	795,359	793,532	771,000
Subtotal.....	19,606,440	23,662,315	22,177,000
Loan Services:			
Farmers Home Administration.....	206,640	211,000	199,000
Total Obligations.....	22,162,422	26,473,315	25,012,000

RESOURCE CONSERVATION AND DEVELOPMENT PROJECT STATUS



UNITED STATES DEPARTMENT OF AGRICULTURE
Soil Conservation Service
Washington, D. C. 20250

STATUS OF RESOURCE CONSERVATION AND DEVELOPMENT PROGRAM

REVISED
June 30, 1974

State	Applications on Hand			Projects in Planning			Projects in Operation			Total Auth. Projects		
	: Acres		: Counties:	: Acres		: Counties:	: Acres		: Counties:	: Acres		: Counties
	: No. :	(000)	:Involved:	No. :	(000)	:Involved:	No. :	(000)	:Involved:	No. :	(000)	:Involved
Alabama	1	2,602	5	1	3,727	8	3	12,314	28	4	16,041	36
Alaska	-	-	-	-	-	-	-	-	-	-	-	-
Arizona	1	15,356 <u>10</u> /*	4*	1	6,205	2	3	37,963	10	4	44,168	12
Arkansas	3	9,222	20	1	4,368	10	4	19,995	46	5	24,363	56
California	2	25,486 <u>11</u> /*	12*	1	5,424	4	1	5,210 <u>1</u> /	2	2	10,634	6
Caribbean Area	1	789	5	-	-	-	1	85	1	1	85	1
Colorado	4	21,835	21*	-	-	-	4	34,103 <u>4</u> /*	35	4	34,103*	35
Connecticut	-	-	-	1	952	4	1	1,177	4	2	2,129	8
Delaware	-	-	-	-	-	-	1	1,266	3	1	1,266	3
Florida	-	-	-	1	1,680	3	2	7,644	18	3	9,324	21
Georgia	5	3,339	19	1	1,080	5	4	3,754	16	5	4,834	21
Hawaii	2	2,981	2	-	-	-	1	714	1	1	714	1
Idaho	-	-	-	-	-	-	2	10,720 <u>2</u> /	14	2	10,720	14
Illinois	1	473	4	1	2,448	6	2	4,321	19	3	6,769	25
Indiana	1	1,098	4	1	1,558	6	3	4,838*	21	4	6,396*	27
Iowa	-	-	-	-	-	-	3	5,551	16	3	5,551	16
Kansas	-	-	-	3	8,287	18	2	7,386	16	5	15,673	34
Kentucky	-	-	-	2	3,341	13	2	4,063	16	4	7,404	29
Louisiana	1	4,332	11	-	-	-	3	8,376	19	3	8,376	19
Maine	1	3,040	2	-	-	-	3	6,427	11	3	6,427	11
Maryland	-	-	-	-	-	-	1	668	3	1	668	3
Massachusetts	1	-	-	1	1,120	5	1	1,077	2	2	2,197	7
Michigan	1	1,091	3	-	-	-	3	18,139	36	3	18,139	36
Minnesota	1	3,415	9	1	4,775	5	2	16,647	27	3	21,422	32
Mississippi	1	3,174	7	-	-	-	4	25,171	69	4	25,171	69
Missouri	-	-	-	-	-	-	3	13,289	32	3	13,289	32
Montana	-	-	-	1	11,458	7	2	6,457	5	3	17,915	12
Nebraska	-	-	-	1	8,000	6	1	9,030	11	2	17,030	17
Nevada	1	10,222 <u>12</u> /*	3*	1	5,149	5	1	15,431 <u>3</u> /	7	2	20,580	12
New Hampshire	-	-	-	-	-	-	1	3,161	4	1	3,161	4
New Jersey	-	-	-	1	570	2	-	-	-	1	570	2
New Mexico	3	26,151	17	1	10,619	5	2	23,685 <u>12</u> /	12	3	34,304	17
New York	1	4,065	5	1	3,677	3	3	7,610	15	4	11,287	18
North Carolina	3	6,731	22	2	2,627	<u>810</u> /	2	3,674	12	4	6,301	20
North Dakota	4	20,946	26	1	6,386	8	2	13,198	16	3	19,584	24
Ohio	1	3,283	10	1	850	3	3	3,890	13	4	4,740	16
Oklahoma	2	8,757	18	-	-	-	3	12,415	21	3	12,415	21
Oregon	-	-	-	1*	1,685	3	3*	14,962	12	4	16,647	15
Pennsylvania	2	6,098	13	1	2,572	5	2	4,602	9	3	7,174	14
Rhode Island	-	-	-	-	-	-	1	671	5	1	671	5
South Carolina	1	1,856	3	1	1,887	6	3	7,219	17	4	9,106	23
South Dakota	5	30,801*	40*	1	2,577	7	2	11,171 <u>4</u> /	12	3	13,748	19
Tennessee	-	-	-	1	2,575	8	3	7,048	29	4	9,623	37
Texas	9	37,008	63	3	8,826	13	4	13,827	25	7	22,653	38
Utah	3	19,708	10	1	11,208	5	1	4,917 <u>5</u> /	3	2	16,125	8
Vermont	-	-	-	1	2,051	6	1	1,107	4	2	3,158	10
Virginia	-	-	-	1	1,059	5 <u>11</u> /	-	798 <u>6</u> /	3	1	1,857	8
Washington	1	2,890	4	1	4,213	2	1	2,157 <u>7</u> /	4	2	6,370	6
West Virginia	1	2,970	10	-	-	-	4	7,675 <u>8</u> /	30	4	7,675	30
Wisconsin	1	1,721	7	-	-	-	3	18,103*	30	3	18,103*	30
Wyoming	-	-	-	1	7,232	4	2	32,830 <u>9</u> /*	13	3	40,082*	17
TOTAL	64	281,440	379	39	140,186	200	109	476,556	777	148	616,742	977

1/	Project shared with Nevada	5/	Project shared with Idaho	9/	Project shared with Idaho, one with South Dakota, and one with Colorado
2/	Project shared with Washington, one with Wyoming, and one with Utah	6/	Project shared with W. Va.	10/	Project shared with Virginia
3/	Project shared with California	7/	Project shared with Idaho	11/	Project shared with N. Carolina
4/	Project shared with Wyoming	8/	Project shared with Virginia	12/	Project shared with Colorado

For multistate applications and projects: The number is tabulated for the state having project leadership. The acreage column reflects actual acreage in each state. The counties involved column reflects whole and parts of counties in each state.

*Adjustments made.

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Selected Examples of Recent Progress:

Project Planning

Resource conservation and development projects are initiated, sponsored and directed by local governing bodies of soil and water conservation districts, county governments, cities, towns, and special purpose districts in cooperation with state governments and their agencies, subdivisions of state government and local agencies and groups. Projects are located where increased attention to community problems of resource treatment and other soil and water conservation activities is essential to the full development and proper utilization of resources for community improvement. Rural areas subject to rapid and significant economic change also benefit from this project approach to prudent use of land and related resources.

Project areas generally cover two or more counties. People within a project area recognize common interests, resources, problems, and needs and by working together are able to develop the potential of the area and provide opportunities for better rural living conditions. Effectiveness of projects depends upon resources available to the people, local leadership, and teamwork among public agencies assisting the sponsors. Activities planned and carried out by project sponsors are closely coordinated with concerned substate planning agencies.

Resource conservation and development plans for project areas were completed in 109 projects as of June 30, 1974; planning was underway in 39 other project areas, and there were 64 applications for assistance on hand. Plans are expected to be completed for 25 areas in fiscal year 1975. This would make a total of 134 plans which would be completed by the end of 1975. It is estimated that plans will be completed for 35 additional project areas during the 1976 fiscal year. This would bring the total of completed plans to 169 by the end of fiscal year 1976. Planning will be initiated in 10 areas in FY 1976.

Sponsors' goals and objectives in project plans are progressive. Far reaching policy decisions and planned actions are designed to improve the level of living for people in the area; enhance the environment; effect orderly land use change; improve water supplies; accelerate erosion and sediment control; reduce flooding; lessen water and land pollution; develop public water-based recreation facilities; develop wood products and other industries; improve scenic and historical attractions to encourage and develop tourist trade; and generate other community development.

RC&D PROJECTS AUTHORIZED

(Includes all project areas with plans underway or complete as of June 30, 1974).

State	Authorized Projects	Counties	Acreage (000)	Cumulative Obligations
Alabama	4	36	16,041	\$5,260,311
Alaska	-	--	--	--
Arizona	4	12	44,168	1,044,227
Arkansas	5	56	24,363	6,924,211
California	2	6	10,634	784,959
Caribbean Area	1	1	85	114,629
Colorado	4	35	34,103	2,623,589
Connecticut	2	8	2,129	1,085,156
Delaware	1	3	1,266	370,845
Florida	3	21	9,324	1,289,678
Georgia	5	21	4,834	3,695,250
Hawaii	1	1	714	573,423

State	Authorized Projects	Counties	Acreage (000)	Cumulative Obligations
Idaho	2	14	10,720	2,609,904
Illinois	3	25	6,769	1,825,443
Indiana	4	27	6,396	3,207,687
Iowa	3	16	5,551	1,998,395
Kansas	5	34	15,673	1,719,817
Kentucky	4	29	7,404	2,038,485
Louisiana	3	19	8,376	2,654,549
Maine	3	11	6,427	3,219,026
Maryland	1	3	668	389,112
Massachusetts	2	7	2,197	594,917
Michigan	3	36	18,139	2,869,578
Minnesota	3	32	21,422	3,620,351
Mississippi	4	69	25,171	4,327,979
Missouri	3	32	13,289	2,903,843
Montana	3	12	17,915	2,437,447
Nebraska	2	17	17,030	939,222
Nevada	2	12	20,580	768,249
New Hampshire	1	4	3,161	1,423,487
New Jersey	1	2	570	75,158
New Mexico	3	17	34,304	3,430,700
New York	4	18	11,287	3,464,240
North Carolina	4	20	6,301	1,738,578
North Dakota	3	24	19,584	1,086,393
Ohio	4	16	4,740	1,671,894
Oklahoma	3	21	12,415	3,003,850
Oregon	4	15	16,647	4,573,326
Pennsylvania	3	14	7,174	2,797,758
Rhode Island	1	5	671	142,691
South Carolina	4	23	9,106	2,528,328
South Dakota	3	19	13,748	2,395,436
Tennessee	4	37	9,623	2,776,474
Texas	7	38	22,653	3,794,985
Utah	2	8	16,125	2,241,690
Vermont	2	10	3,158	1,627,528
Virginia	1	8	1,857	667,259
Washington	2	6	6,370	530,946
West Virginia	4	30	7,675	2,895,366
Wisconsin	3	30	18,103	3,475,243
Wyoming	3	17	40,082	1,354,426
Totals	148	977	616,742	109,586,138

RESOURCE DEVELOPMENT AND TECHNICAL SERVICES

When assistance to implement the plan is authorized, local staffs of the Soil Conservation Service are increased to meet the added workload. Other federal and state agencies cooperate in furthering resource development by furnishing help to carry out the measures.

Much conservation work already planned on individual farms and ranches through conservation districts contributes to the program. However, plan revisions may be needed to take full advantage of community resource development and management opportunities. Planning and applying additional land treatment measures on farms and ranches in selected areas are important resource conservation and development activities. Such areas generally are those where additional treatment is needed to adequately support and protect community-type measures.

A new industry comes to Bananza Valley in Minnesota's Wesmin RC&D Project



RC&D is helping increase Food Production in the Valley



Specialty crops increase farm income



Packing and processing uses local labor

In the 109 projects authorized for operation, 7,248 measures were completed and placed in operation by June 30, 1974. Measures contribute significantly to: (1) solving land use, economic and social problems; (2) a realization of development opportunities; and (3) increased employment and income in project areas. Sponsors plan and carry out specific associated measures either as the primary leaders or in a supporting role to others. Such measures include facilities, activities or enterprises necessary for utilization, processing, and marketing of natural resource products.

Sponsors, in initiating measures to attain their objectives, will seek assistance which goes beyond that available in this Department. Examples are municipal water and sewer systems, hospitals, roads, industrial parks and others. One of the major advantages of an RC&D project is that a broad range of community problems can be and are analyzed. This permits concentration of resources on identified problems and brings about community involvement in the solution of problems basic to sound land use and resource development.

Measure Installation Progress

Other federal programs, state and local agencies, and private enterprise assist in the planning and installation of measures and other activities. A summary of measures installed by June 30, 1974, follows:

PROGRESS IN 109 RESOURCE CONSERVATION AND DEVELOPMENT PROJECTS IN OPERATIONS

June 30, 1974

Type of RC&D Measure	RC&D Measure Activity							
	Adopted		Planned		Completed		Canceled	
	FY 1974	Total to date	FY 1974	Total to date	FY 1974	Total to date	FY 1974	Total to date
Accelerated Services...	143	1,892	91	905	61	575	14	84
Critical Area Treatment	386	1,743	162	719	83	343	37	95
Flood Prevention.....	224	1,753	34	324	48	207	56	209
Farm Irrigation.....	84	535	16	167	7	106	6	59
Land Drainage.....	57	403	19	107	11	73	5	25
Agriculture-Related								
Pollutant Control....	8	128	--	--	--	--	--	4
Public Water-Based								
Recreation.....	129	497	10	30	--	4	5	27
Public Water-Based Fish & Wildlife.....	37	216	3	16	2	3	6	15
Public Recreation or Fish & Wildlife Dev- opments.....	311	3,623	*	*	151	977	86	356
Water Developments....	60	1,255	*	*	31	387	21	95
Special Resource Studies & Inventories.....	422	2,459	*	*	223	1,037	29	110
Highways, Roads, Trails & Scenic Highways....	79	1,103	*	*	52	258	26	88
Cooperatives & Associa- tions.....	40	252	*	*	27	115	3	23
Agri. & Forest Product Processing or Market- ing Industry.....	90	676	*	*	45	234	10	74
Industrial Development.	94	527	*	*	63	264	17	66
Public Facilities or								
Services.....	539	4,469	*	*	257	1,378	62	211
Educational.....	146	1,027	*	*	77	412	9	54
Other.....	439	2,912	*	*	164	875	51	158
Totals.....	3,288	25,470	335	2,268	1,302	7,248	443	1,753

*Planning of associated RC&D measures not recorded.

Highlights of Program Progress

Over thirteen hundred (1,300) measures were completed in the 109 projects that were in operation as of June 30, 1974. Representative measures and associated activities have been selected to show the types of problems and the treatment.

NORTH DAKOTA - Almont Flood Prevention RC&D Measure - (Lewis and Clark 1805 RC&D Project): The small rural town of Almont, North Dakota (population 190) has had a history of flooded homes, businesses, and transportation facilities. In 1966, a serious flood caused nearly \$300,000 in damages and flood losses.

To alleviate flooding in Almont, the Morton County Water Management District and the West Morton Soil Conservation District joined together to sponsor an RC&D measure. This measure was completed in 1974. Structures and land treatment now provide flood protection up to and including a 100-year frequency storm. The measure cost \$201,000.

The people of Almont now have a better and safer environment.

MISSISSIPPI - The Northwest, Southeast, and Northeast RC&D Projects in Mississippi continue to improve their rural communities. Examples are as follows:

Northwest Mississippi RC&D Project: Measures to prevent or reduce flooding in Jonestown (population 1,100) and the community of Moon Lake have been started. Heavy rainfall in 1973 and early 1974 delayed construction. With good weather these measures will be completed in 1975.

Local sponsors initiated action to solve the problem of solid waste disposal. The counties of Issaquena, Sunflower and Yazoo have completed county-wide solid waste pick-up operations including sanitary landfills for disposal. Three other counties in the project will soon follow their lead.

Southeast Mississippi RC&D Project: Although this project has been in operations only one year, 8 measures have been completed and 17 are being installed. Examples are: Erosion and sediment control through critical area treatment was obtained by Covington County School Board on two school grounds in the town of Collins. Solid waste disposal systems were completed in Lauderdale and Leake Counties and in the City of Philadelphia. Other counties are expected to provide solid waste pick-up and disposal.

Northeast Mississippi RC&D Project: The activities of this project range from support for the expansion of the Holly Spring Airport to providing better community water supplies. Through FmHA and other state and federal funds, water systems were provided to the communities of Smithville, New Albany, and West Point.

IOWA - Prescott Flood Prevention RC&D Measure: Prescott is a small town (population 305) in Adams County in the Southern Iowa RC&D Project. Flooding had normally occurred one or more times each year damaging homes, businesses, and other community facilities. The RC&D project sponsors adopted a flood prevention measure. The Adams County Soil Conservation District and the City of Prescott joined project sponsors to install the flood prevention measure.

In 1974 the RC&D measure, which included an earth filled dam, was completed and now provides protection against a 100-year frequency storm. The cost, federal and local, was \$57,000.

The measure was dedicated by local, state and federal leaders on October 26, 1974. Participants included Congressman William Scherle.

IDAHO - Development Enterprise RC&D Measure: The RC&D Council of the Idaho Washington RC&D Project, working in close cooperation with the Coeur d'Alene Indian Tribal



Timber stands like the one above, in the Bitter Root RC&D project in Montana, were little used and were fire hazards.

RC&D helped convert these resources into fire wood, posts, and mulching material (below) that are in strong demand in the area, creating more local jobs and increased income.



Council, provided support and technical assistance which have resulted in a 160 brood sow enterprise and a proposed development of a recreation complex near Wooley.

The sow enterprise is in association with 3,250 acres of Indian land now being farmed. To date this enterprise has resulted in sixty man years of employment.

ILLINOIS - Erosion Control RC&D Measure: Through project-wide inventories critical eroded areas have been located and methods of treatment planned in the Shawnee RC&D Project. In 1974, eight measures were completed at a cost of \$110,000. A road side erosion control measure and treatment of a critically eroded area were completed in White County. A school ground was protected from erosion in Pope County. Pope-Hardin, Williamson, Hamilton, Johnson and Union counties carried out erosion and sediment control measures. Nearly 600,000 trees were planted in these counties. Sponsors of these measures included Soil and Water Conservation Districts, County Board of Commissioners, and school boards.

RESOURCE CONSERVATION AND DEVELOPMENT LOANS

Loan services must be provided from Resource Conservation and Development funds because the agricultural credit insurance fund of the FmHA is not available for such expenses. Estimated loan levels are shown in the following table:

Explanation	(Dollars in thousands)					
	1974 Actual		1975 Estimate		1976 Estimate	
	No.	Amount	No.	Amount	No.	Amount
1. Applications on hand at beginning of year.....	16	\$ 1,139	11	\$ 1,837	6	\$ 1,181
2. Applications received during year.....	14	1,786	33	2,944	46	5,106
3. Total applications for consideration during year.....	30	2,925	44	4,781	52	6,287
4. Loans obligated during year.....	19	1,088 1/	38	3,600	29	3,600
5. Applications pending at end of year.....	11	1,837	6	1,181	23	2,687
6. Loans obligated end of year (cumulative)...	174	13,196	212	16,796	241	20,396

1/ Obligations are not adjusted for prior year loan cancellations.

Loans are made to eligible local sponsoring organizations, when needed to help them finance the local share of the cost of installing planned project measures in approved resource conservation and development areas. Loans encourage increased investment of private and other governmental funds in resource development.

PASSENGER MOTOR VEHICLES

The 1976 estimate proposes the purchase of 325 additional and 320 replacement passenger motor vehicles.

The passenger motor vehicles of the Soil Conservation Service are distributed among 50 state offices and Puerto Rico, 230 area offices and various technical specialists located at field headquarters. None of these vehicles are used in Washington, D. C. The vehicles are used in rural and other areas where common carrier facilities are either non-existent, uneconomical or inadequate due to the nature of the travel which requires a high degree of mobility with frequent stops at field offices, job sites or other places not serviced by common carrier. Also two or more persons often are required to travel together, sometimes for long distances. The use of pickup or truck type vehicles for such trips is impractical and less safe than passenger vehicles. Resident technicians servicing farmers and ranchers in conservation districts generally do not use passenger vehicles but travel in pickup trucks.

Passenger motor vehicles are not assigned to one individual exclusively at locations where more than one employee has need for them. This allows several employees to use a single vehicle and minimizes the number and maintenance costs.

On June 30, 1974, the Soil Conservation Service had 1,663 passenger cars out of a total fleet of 10,337 vehicles including pickup trucks, sedan deliveries (light trucks) and jeeps. The Service also had 14 heavy trucks and 138 special purpose vehicles at selected locations.

Purchase of Additional Passenger Motor Vehicles. Ten passenger motor vehicles are requested for the use of personnel assigned to the 10 new Resource Conservation and Development Projects authorized in fiscal year 1976. The vehicles will be utilized by project coordinators and other staff members in assisting local sponsors in planning Resource Conservation and Development projects.

In addition, SCS proposes to purchase 315 passenger motor vehicles in fiscal year 1976 to replace a like number of light duty, 4X2, pickup trucks. This will continue a planned gradual reduction in the number of light truck type vehicles that have reached age and mileage requirements for disposal.

These light trucks are used by field personnel in areas serviced largely by improved roads and necessitating an insignificant amount of off road travel. The small tools, planning files and other equipment used by these personnel can be transported equally as well in a passenger car as in a pickup truck. Many of these personnel work in areas of high urbanization with planning commissions, city, county and state governmental units and other local groups necessitating space in the vehicle for additional passengers when attending meetings. Certain travel is also performed on parkways and other limited highways which prohibit trucks.

In fiscal year 1974, the average cost of operating light duty pickup trucks including maintenance and depreciation, was 7.92 cents per mile compared with 7.52 cents for sedans, a savings of about .40 cents per mile. In 1974 the acquisition price for sedans averaged about \$2,600 compared to about \$2,800 for light duty pickup trucks. Cost of new sedans will likely be \$3,000 while trucks will cost about \$3,200 in 1975. Therefore, by purchasing sedans instead of light duty pickup trucks the expected cash outlay should be reduced by \$60,000.

Replacement of passenger motor vehicles. The 1976 estimates provide for the replacement of 320 passenger motor vehicles during the fiscal year. The vehicles proposed for replacement have been driven more than 60,000 miles or are more than six years of age or will be beyond economic repair due to accident or other causes.

The Service is continuing its effort to carry out a sound and effective replacement program. During fiscal year 1974, 174 replacements were accomplished. Economy of operation and expected use factors will be taken into consideration as well as prescribed age and mileage standards in planning replacements in 1976.

The following table indicates the use and number of passenger motor vehicles proposed for purchase and replacement during the fiscal year 1976:

Activity and Use	Proposed Purchases (To Replace Trucks)	Proposed Purchases (To Replace Passenger Vehicles)
<u>Conservation Operations</u> - For use by Area Conservationists, District Conservationists, technical specialists, survey supervisors, and State Office personnel.....	207	204
<u>Watershed Planning</u> - For use by watershed planning party leaders and technical specialists assisting local sponsors prepare watershed work plans.....	15	21
<u>River Basin Surveys and Investigations</u> - For use by river basin survey coordinators and staff members in conducting river basin surveys and investigations	- -	21
<u>Watershed Works of Improvement</u> - For use by Assistant State Conservationists for water resources and by technical specialists in supervising installation of works of improvement in authorized projects and negotiating with local sponsors.....	39	35
<u>Flood Prevention</u> - For use by technicians in planning and installing works of improvement in the 10 uncompleted authorized projects.....	12	18
<u>Resource Conservation and Development</u> - For use by project coordinators and project staff members assisting local sponsors prepare work plans and carry out planned resource conservation and development work in coordination with ongoing programs in approved project areas.....	42	21
Subtotal.....	315	320
<u>Additions:</u>		
<u>Resource Conservation and Development</u> - For projects authorized for planning in fiscal year 1976.....	10	- -
Total	325	320

Age and mileage data for Soil Conservation Service passenger motor vehicles on hand on June 30, 1974, are as follows:

Model	Number of Vehicles	Percent of Total	Lifetime Mileage (Thousands)	Number of Vehicles	Percent of Total
1965	15	.9	over 100	20	1.2
1966	27	1.6	80-100	70	4.2
1967	58	3.5	60-80	214	12.9
1968	130	7.8	50-60	158	9.5
1969	130	7.8	40-50	210	12.6
1970	149	9.0	30-40	209	12.6
1971	348	20.9	20-30	264	15.9
1972	352	21.2	10-20	273	16.4
1973	313	18.8	1-10	210	12.6
1974	141	8.5	under 1	35	2.1
Totals	<u>1,663*</u>	<u>100.0</u>		<u>1,663</u>	<u>100.0</u>

*1,627 Sedans
36 Station Wagons

FOOD AND NUTRITION SERVICE

Purpose Statement

The Food and Nutrition Service was established August 8, 1969, by Secretary's Memorandum No. 1659 and Supplement 1 pursuant to the authority contained in 5 U.S.C. 301 and the Reorganization Plan No. 2 of 1953.

The efforts of the Food and Nutrition Service are directed at eliminating poverty-caused hunger and malnutrition in this country. Food assistance programs provide access to a nutritionally adequate diet for families and persons with low incomes and encourage better eating patterns among the nation's children. The Food and Nutrition Service administers the following programs:

Child Nutrition Programs. Working through State agencies, the Food and Nutrition Service provides Federal assistance in cash and commodities for use in preparing and serving nutritious meals to children while attending school, placed in day-care centers, or participating in other organized activities away from home. The purpose is to help maintain the health and proper physical development of American children. The child nutrition package includes the National School Lunch Program, The School Breakfast Program and the Nonschool Food Program. Grants are made for food service equipment assistance, nutritional training and surveys, and for State administrative expenses. These programs are financed by the child nutrition appropriation; with cash and commodities made available from Section 32; and with donated commodities made available by the Commodity Credit Corporation under Section 416 of the Agricultural Act of 1949, as amended.

Special Milk Program. Federal assistance is given to States to reimburse eligible schools and child-care institutions which inaugurate or expand milk services in order to increase the consumption of fluid milk by children. Funds for this program are provided by direct appropriation.

Food Stamp Program. In cooperation with the State welfare agencies, the Food and Nutrition Service helps persons and families with low incomes to obtain a nutritionally adequate diet through regular retail food stores. Food stamps with a face value higher than the cash paid are issued to participating households. Those with no income receive their stamps free and in no instance does the charge exceed 30 per cent of net income. Funds for this program are provided by direct appropriation.

Food Distribution Program. Packaged food is distributed to low-income families residing on Indian reservations or in areas yet to be converted to food stamps. Donated commodities are provided by USDA to the nutrition program for the elderly administered by the Department of Health, Education and Welfare and to eligible nonprofit residential institutions.

Women, Infants and Children Program (WIC). This pilot program provides cash grants to make supplemental food available to pregnant women, nursing mothers, infants and children up to four years of age. Delivery may be done through health clinics, vouchers redeemable at retail food stores, or other approved methods which a cooperating State health agency may select.

As of December 21, 1974, there were 2,290 full-time permanent and 27 part-time and temporary employees in the Agency. There were 933 employees in 260 field locations; 676 were in 5 Regional offices; 708 were in the Washington headquarters.

Available Funds and Man-Years
1974 and Estimated, 1975 and 1976

Item	Actual 1974		Available 1975		Budget Estimate 1976	
	Amount	Man-Years	Amount	Man-Years	Amount	Man-Years
Food and Nutrition Service:						
Child Nutrition Programs <u>a/</u>	\$847,713,900 ^{b/}	335:	\$1,358,955,000 ^{c/}	406:	\$1,476,416,000	478
Special Milk Program.....	97,123,000 ^{d/}	46:	120,000,000	46:	...	...
Food Stamp Program.....	2,995,367,050 ^{e/}	1,525:	3,984,540,000 ^{f/}	1,783:	3,446,906,000 ^{g/}	2,004
Food Donations Program:	...	...	...	...	5,839,000	20
Allotment from Funds for Strengthening Markets, Income, and Supply (Sec. 32).....	500,420,068	239:	222,834,000	229:	76,189,000	139
Total, Food and Nutrition Service.....	4,440,624,018	2,145:	5,686,329,000	2,464:	5,005,350,000	2,641

End-of-Year Employment:	1974 <u>Actual</u>	1975 <u>Estimated</u>	1976 <u>Estimated</u>
Permanent full-time	2,132	2,450	2,525
Other	176	...	...
Total	<u>2,308</u>	<u>2,450</u>	<u>2,525</u>

a/ Includes transfers from Section 32 in lieu of direct appropriation as follows:

1974, \$199,631,000; 1975, \$705,926,000; estimated 1976, \$737,111,000.

b/ Excludes \$26,413,138 carryover from FY 1973 and GSA rent transfer of \$29,100.

c/ Excludes \$22,342,105 carryover from FY 1974 and \$24,623,000 proposed supplemental.

d/ Excludes \$2,033,009 carryover from FY 1973.

e/ Excludes OIG transfer \$4,534,000 and GSA rent transfer \$98,950.

f/ Excludes \$130,496,786 carryover from FY 1974 and OIG transfer \$5,245,000.

g/ Excludes \$412,034,786 carryover from FY 1975 and OIG transfer \$6,094,000.

Program	Budget Authority			Program Level (Obligations)		
	1974 Actual	1975 Current Estimate	1976 Budget Estimate	1974 Actual	1975 Current Estimate	1976 Budget Estimate
A. CHILD NUTRITION PROGRAMS:						
1. Cash Grants to States:						
(a) School Lunch Program:						
FNS Child Nutrition	412,000	425,231	498,000	411,767	444,375	498,000
AMS Section 32	357	...	...	357	...	...
Subtotal	412,357	425,231 2/	498,000	412,124	444,375 2/	498,000
(b) Free and Reduced Price Lunch Program:						
FNS Child Nutrition	252,040	747,392	865,000	255,599	751,07	865,000
AMS Section 32	427,649	...	...	427,649	...	...
Subtotal	679,689	747,392 2/	865,000	683,248	751,072 2/	865,000
(c) School Breakfast Program:						
FNS Child Nutrition	67,500	77,000	...	60,541	73,320	...
AMS Section 32	175	...	...	175	...	...
Subtotal	67,675	77,000	...	60,716	73,320	...
(d) Nonfood Assistance Program:						
FNS Child Nutrition Program	22,110	28,000	...	27,808	28,000	...
AMS Section 32	1,315	...	...	1,315	...	...
Subtotal	23,425	28,000	...	29,123	28,000	...
(e) State Administrative Expenses:						
FNS Child Nutrition	1,500	6,700	...	1,801	6,700	...
AMS Section 32	1,913	...	...	1,913	...	...
Subtotal	3,413	6,700	...	3,714	6,700	...
(f) Nonschool Food Program:						
FNS Child Nutrition	20,000	25,000	...	33,762	27,077	...
AMS Section 32	36,643	89,600	...	36,643	89,600	...
Subtotal	56,643	114,600	...	70,405	116,677	...
(g) Cash in Lieu of Commodities (AMS Section 32)						
	...	...	73,003	...	...	73,003
Total, Cash Grants to States	1,243,202	1,398,923	1,470,703	1,259,330	1,420,144	1,470,703
Total, FNS Child Nutrition	(775,150)	(1,309,323)	(1,397,700)	(791,278)	(1,330,544)	(1,397,700)
Total, AMS Section 32 1/	(468,052)	(89,600)	(73,003)	(468,052)	(89,600)	(73,003)
2. Commodities to States:						
(a) FNS Child Nutrition (Section 6)						
FNS Child Nutrition	64,325	64,325	64,325	64,320	64,325	64,325
AMS Section 32	159,209	171,145	172,572	159,209 3/	171,145	172,572
(b) AMS Section 32	124,311	125,530	128,288	124,311	125,530	128,288
(c) Commodity Credit Corporation	347,845	361,000	365,185	347,840	361,000	365,185
Total, Commodities	...	...	...	...	...	...
3. Nutritional Training and Surveys (FNS Child Nutrition)						
	1,000	1,000	1,000	874	1,000	1,000
4. Federal Operating Expenses (FNS Child Nutrition)						
	7,239	8,930	13,391	7,568	10,051	13,391
Total, Child Nutrition Programs	1,599,286	1,769,853	1,850,279	1,615,592	1,792,195	1,850,279

1/ Allocated to Food and Nutrition Service

2/ Includes supplemental appropriation of \$24,623.

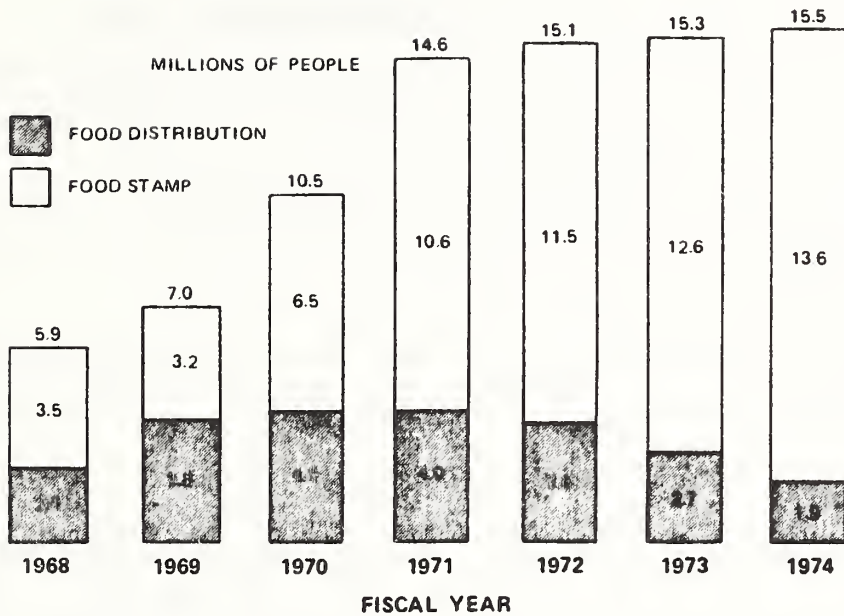
3/ Includes Commodities, \$45,000,000 for distribution in FY 1975.

Program	1974 Actual	1975 Current Estimate	1976 Budget Estimate	1976 Compared With: 1975 Estimate	1974 Actual	1975 Current Estimate	1976 Budget Estimate	1976 Compared with 1975 Current Estimate
B. SPECIAL MILK PROGRAM (FNS):								
1. Cash Payments	96,127	119,068			61,392	119,068		-119,068
2. Operating Expenses	796	932			745	932		-932
Total, Special Milk	97,123	120,000			62,137	120,000		-120,000
C. FOOD STAMP PROGRAM (FNS):								
1. Bonus Costs	2,858,471	3,785,255	3,190,891	-594,364	2,728,196	3,501,420	3,602,926	+101,506
2. Other Program Costs	108,500	185,000	212,000	+27,000	108,500	165,000	212,000	+47,000
3. Operating Expenses	38,396	34,285	44,035	+9,750	28,174	36,582	44,035	+7,453
Total, Food Stamp Program	2,995,367	3,994,540	3,446,906	-537,634	2,864,870	3,703,002	3,858,941	+155,939
D. DIRECT DISTRIBUTION TO FAMILIES:								
1. AMS Section 32, Commodities	99,926	12,800			99,926	12,800		-12,800
2. Commodity Credit Corporation, Section 416	68,909	21,320	2,810	-18,510	68,909	21,320	2,810	-18,510
3. AMS Section 32, Cash Financial Assistance	12,881	2,000			12,881	2,000		-2,000
4. AMS Section 32, Commodities for Special Package Program	11,500	6,000			11,500	6,000		-6,000
5. AMS Section 32 Account, Other Commodities 1/	490	400			490	400		-400
Total, Direct Distribution to Families	193,706	42,520	2,810	-39,710	193,706	42,520	2,810	-39,710
E. DIRECT DISTRIBUTION TO INSTITUTIONS:								
1. AMS Section 32, Commodities	1,886				1,886			
2. Commodity Credit Corporation, Commodities	17,907	22,327			17,907	22,327		-22,327
Total, Direct Distribution to Institutions	19,793	22,327			19,793	22,327		-22,327
F. FOOD DONATIONS PROGRAM (FNS):								
1. Families			4,500	+4,500			4,500	+4,500
2. Institutions								
3. Cash Assistance			765	+765			765	+765
4. Special Supplemental Package Program								
5. Federal Operating Expenses			574	+574			574	+574
Total, Food Donations Program			5,839	+5,839			5,839	+5,839
G. ELDERLY FEEDING - AMS SECTION 32:								
1. AMS Section 32, Women, Infants, and Children Program Cash Grants 1/		5,600				5,600		5,600
2. AMS Section 32 Account, Pilot Food Certificate Program 1/	14,422	100,000			14,422	126,118		-126,118
Total, Supplemental Food Program	894	1,000			894	1,000		-1,000
H. SPECIAL SUPPLEMENTAL FOOD PROGRAM:								
1. AMS Section 32, Food and Nutrition Service 1/	15,316	101,000			15,316	127,118		-127,118
2. AMS Section 32, Agricultural Marketing Service	4,066	3,716			4,066	3,716		-3,716
Total, Section 32 Operating Expenses	2,622	3,462			2,622	3,462		-3,462
Total, Section 32 Operating Expenses	6,688	7,178			6,688	7,178		-7,178
J. NUTRITION EDUCATION (Extension Service)	47,360	47,360			47,360	47,360		
TOTAL, FOOD ASSISTANCE	4,974,639	5,610,378	5,365,865	-734,513	4,825,462	5,867,300	5,777,900	-89,400
RECAPITULATION:								
Obligations from Current Budget Authority:								
FNS Child Nutrition Account	847,714	1,383,578	1,476,416	+92,838	864,020	1,405,920	1,476,416	+70,496
FNS Special Milk Program Account	97,123	120,000			62,137	120,000		-120,000
FNS Food Stamp Program Account	2,995,367	3,994,540	3,446,906	-537,634	2,864,870	3,703,002	3,858,941	+155,939
FNS Food Donations Program			5,839	+5,839			5,839	+5,839
Extension Service Account	47,360	47,360			47,360	47,360		
Total	3,987,564	5,535,478	4,976,521	-558,957	3,838,387	5,276,282	5,388,556	+112,274
Obligations from Permanent Budget Authority:								
FNS Child Nutrition, transferred from AMS Section 32 2/	(199,631)	(705,926)	(737,111)	-(31,185)	(199,631)	(705,926)	(737,111)	-(31,185)
AMS Section 32	775,948	395,723	258,246	-137,477	775,948	421,841	258,246	-163,595
(Direct Program)	(275,143)	(199,007)	(182,057)	-(16,950)	(275,143)	(199,007)	(182,057)	-(16,950)
(Allocated to FNS)	(500,805)	(196,716)	(76,189)	-(120,527)	(500,805)	(222,834)	(76,189)	-(146,665)
Commodity Credit Corporation	211,127	169,177	131,098	-38,079	211,127	169,177	131,098	-38,079
Total	987,075	564,900	389,344	-175,556	987,075	591,018	389,344	-201,674
GRAND TOTAL	4,974,639	5,610,378	5,365,865	-734,513	4,825,462	5,867,300	5,777,900	-89,400

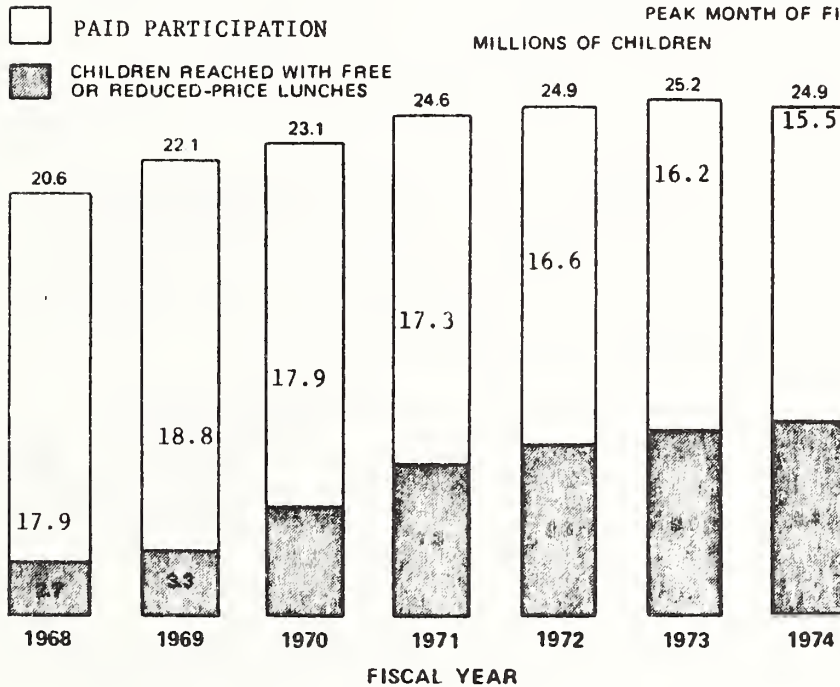
1/ Allocated to Food and Nutrition Service.

2/ Amounts shown are the amounts transferred from the AMS Section 32 account to the FNS Child Nutrition Account, as specified in the annual Agriculture Environmental and Consumer Protection Appropriation Act. Transfer amounts are merged with funds in the recipient account and are not identifiable by program.

FAMILY FOOD PROGRAM PARTICIPATION
PEAK MONTH OF FISCAL YEAR



NATIONAL SCHOOL LUNCH PROGRAM
PEAK MONTH OF FISCAL YEAR



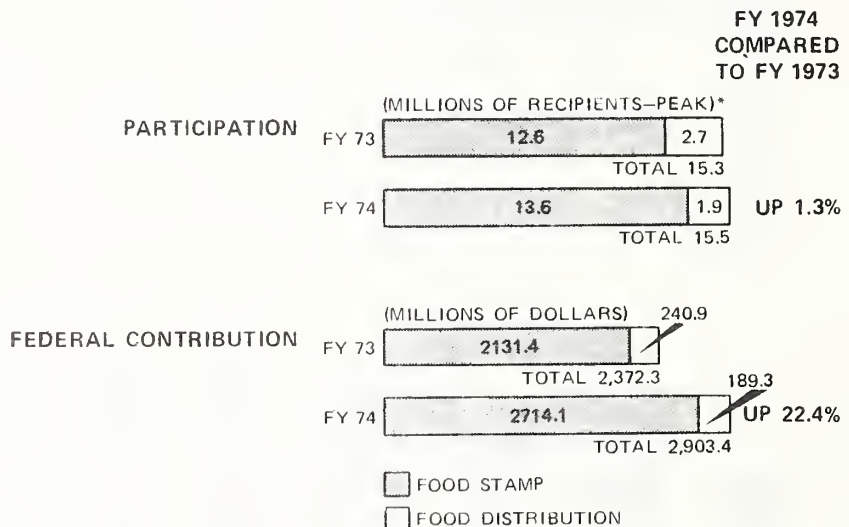
FAMILY FOOD ASSISTANCE PROGRAMS

Primary thrust of FNS family food assistance activity in fiscal year 1974 was to meet the mandate to establish the Food Stamp Program as the primary means of food help to individual households by June 30, 1974. The mandate was substantially achieved with minimum reliance on the permitted exceptions where program introduction was either impracticable or impossible.

By the June 30 target date, the Food Stamp Program was available in areas where over 94 percent of the U.S. population lives; with virtually all the rest covered by the alternative program of direct food distribution. Most of the remaining food distribution areas had firm plans to switch to food stamps early in the fiscal year beginning July 1, 1974.

During fiscal year 1974:

- A total of 15.5 million people benefited from one or the other family food assistance programs, in the peak month of operation, up 200,000 over the previous year. A rising share, 88 percent, of these participants were food stamp users, reflecting the transfer of 593 counties from food distribution to food stamps.
- Of the total receiving family food help, 8.6 million people were on some form of public assistance and 6.9 million, or 45 percent, were not. This compares with 6 million, or 39 percent, non-public assistance recipients the previous year.
- Federal payments for family food assistance benefits were up 22.4 percent to \$2.9 billion, with food stamp costs representing 93.5 percent of the total.
- Some \$2 million worth of donated foods and food stamps were used to aid some 250,000 victims of such natural disasters as floods, hurricanes, and tornadoes. Need for disaster assistance was down considerably from fiscal year 1973, when \$13.1 million was spent on emergency food aid to almost 1 million people, most of them victims of Hurricane Agnes.



*Participation figures represent the month in which the combined programs reached a peak.

Child Nutrition Programs

	<u>Appropriation</u>	<u>Transfer from Section 32 Funds</u>	<u>Total</u>
Appropriation Act, 1975	\$653,029,000	\$705,926,000	\$1,358,955,000
Budget Estimate, 1976	<u>739,305,000</u>	<u>737,111,000</u>	<u>1,476,416,000</u>
Change in Appropriation and transfer from Section 32	+86,276,000	+31,185,000	+117,461,000

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

	<u>1975</u>	<u>Program Changes</u>	<u>1976 Estimate</u>
Cash payments to States:			
(a) School lunch program	\$420,000,000 ^{a/}	+ \$78,000,000	\$ 498,000,000
(b) Special assistance	728,000,000 ^{b/}	+137,000,000	865,000,000
(c) School breakfast	77,000,000	- 77,000,000	---
(d) Nonfood assistance	28,000,000	---	28,000,000
(e) State administrative expenses	6,700,000	---	6,700,000
(f) Nonschool food program	25,000,000 ^{c/}	- 25,000,000	---
Subtotal	1,284,700,000	+113,000,000	1,397,700,000
Commodity procurement	64,325,000	---	64,325,000
Nutritional surveys, evaluation and training service	1,000,000	---	1,000,000
Operating expenses:			
GSA space rental costs	385,000	+ 220,000	605,000
Annualization of the pay cost increase effective in FY 1975	301,000	+ 190,000	491,000
Other operating expenses	<u>8,244,000</u>	+ <u>4,051,000</u>	<u>12,295,000</u>
Subtotal	<u>8,930,000</u>	+ <u>4,461,000</u>	<u>13,391,000</u>
Total	1,358,955,000	+117,461,000	1,476,416,000

a/ Excludes proposed supplemental of \$5.2 million.

b/ Excludes proposed supplemental of \$19.4 million.

c/ Excludes \$89.6 million provided in the Section 32 account.

PROJECT STATEMENT

(On basis of adjusted appropriation)

Project	1974	1975 (estimated)	Inc. or Dec.: Program Changes	1976 (estimated)
1. Cash payments to States:				
(a) School lunch	\$412,000,000 ^{c/}	\$ 420,000,000 ^{a/}	+ \$78,000,000	\$ 498,000,000
(b) Special assistance	252,040,000 ^{c/}	728,000,000 ^{b/}	+137,000,000	865,000,000
(c) School breakfast	67,500,000 ^{c/}	77,000,000	- 77,000,000	---
(d) Nonfood assistance	22,110,000 ^{c/}	28,000,000	---	28,000,000
(e) State adm. expenses	1,500,000 ^{c/}	6,700,000	---	6,700,000
(f) Nonschool food program	20,000,000 ^{c/}	25,000,000 ^{c/}	- 25,000,000	---
Subtotal	775,150,000	1,284,700,000	+113,000,000	1,397,700,000
2. Commodity procurement	64,325,000	64,325,000	---	64,325,000
3. Nutritional surveys, evalua- tion and training service	1,000,000	1,000,000	---	1,000,000
4. Operating expenses	7,238,900	8,930,000	+ 4,461,000	13,391,000
Total available or estimate	847,713,900	1,358,955,000	+117,461,000	1,476,416,000
Transferred to GSA	+29,100	---	---	---
Total, appropriation	847,743,000	1,358,955,000	---	---

a/ Excludes proposed supplemental of \$5.2 million.

b/ Excludes proposed supplemental of \$19.4 million.

c/ Excludes funds provided in the
Section 32 account as follows:

	1974	1975
School lunch	357,000	---
Special assistance	427,649,000	---
School breakfast	175,000	---
Nonfood assistance	1,315,000	---
State administrative expenses	1,913,000	---
Nonschool food	36,643,000	89,600,000
Total	468,052,000	89,600,000

This project statement shows an increase of \$117,461,000 in the direct appropriation. This increase is offset by a decrease of \$89,600,000 in the Section 32 account for special feeding programs and a decrease of \$22,342,000 in the use of carryover funds. Total funding, exclusive of supplemental appropriations in 1975, is increased by \$5,519,000 as outlined in the program level table below.

PROJECT STATEMENT
(On basis of available funds)

Project	1974	1975 (estimated)	Inc. or Dec. Program Changes	1976 (estimated)
1. Cash payments to States:				
(a) School lunch	\$411,766,729 ^{c/}	\$439,144,000 ^{a/}	+\$58,856,000	\$498,000,000
(b) Special assistance	\$255,599,284 ^{c/}	731,680,000 ^{b/}	+133,320,000	865,000,000
(c) School breakfast	\$60,541,336 ^{c/}	73,320,000	- 73,320,000	---
(d) Nonfood assistance	\$27,807,848 ^{c/}	28,000,000	---	28,000,000
(e) State adm. expenses	\$1,801,493 ^{c/}	6,700,000	---	6,700,000
(f) Nonschool food program	\$33,761,545 ^{c/}	27,077,000 ^{c/}	- 27,077,000	---
Subtotal	791,278,235	1,305,921,000	+ 91,779,000	1,397,700,000
2. Commodity procurement	64,319,872	64,325,000	---	64,325,000
3. Nutritional surveys, evaluation and training service	874,034	1,000,000	---	1,000,000
4. Operating expenses	7,547,517	10,051,105	+ 3,339,895	13,391,000
Total obligations	864,019,658	1,381,297,105	+ 95,118,895	1,476,416,000
Unobligated balance:				
Available, start of year	-26,413,138	-22,342,105 ^{d/}	+ 22,342,105	---
Available, end of year	10,107,381	---	---	---
Total, appropriation	847,713,901	1,358,955,000	+117,461,000	1,476,416,000

a/ Excludes proposed supplemental of \$5.2 million.

b/ Excludes proposed supplemental of \$19.4 million.

c/ Excludes funds provided in the section 32 account as follows:

	1974	1975
School lunch	357,000	---
Special assistance	427,649,000	---
School breakfast	175,000	---
Nonfood assistance	1,315,000	---
State administrative expenses	1,913,000	---
Nonschool food	36,643,000	89,600,000
Total	468,052,000	89,600,000

d/ Includes \$12,234,724 recovered from prior years.

The following table reflects the estimated program level for the child nutrition programs for fiscal years 1975 and 1976 from the (1) direct appropriation plus (2) carryover balances of \$22,342,105 and the (3) supplementary funding for cash assistance from the Section 32 account special feeding item of \$89,600,000.

Child Nutrition Programs 1975 and 1976
(Program level - Dollars in thousands)

Project	1975	Increase or Decrease	1976
1. Cash payments to States:			
(a) School lunch program	\$ 439,144 ^{a/}	+\$ 58,856(1)	\$ 498,000
(b) Special assistance	731,680 ^{b/}	+133,320(2)	865,000
(c) School breakfast	73,320	- 73,320(3)	---
(d) Nonfood assistance	28,000	---	28,000
(e) State administrative expenses	6,700	---	6,700
(f) Nonschool food program	116,677	-116,677(4)	---
Subtotal	1,395,521	+ 2,179	1,397,700
2. Commodity procurement	64,325	---	64,325
3. Nutritional surveys, evaluation and training service	1,000	---	1,000
4. Operating expenses	10,051	+ 3,340(5)	13,391
Total	1,470,897	+ 5,519	1,476,416

a/ Excludes proposed supplemental of \$5.2 million.

b/ Excludes proposed supplemental of \$19.4 million.

EXPLANATION OF PROGRAM

The Child Nutrition appropriation of the Food and Nutrition Service funds the activities authorized by the National School Lunch Act, as amended, and the Child Nutrition Act of 1966, as amended. The Food and Nutrition Service administers the following programs:

General cash-for-food assistance for lunches. The program makes funds available to reimburse participating schools for a portion of the food cost of lunches served to children. Public Law 93-150, enacted November 7, 1973, authorizes a reimbursement rate of 10 cents per lunch with provision for a semiannual adjustment in the rate based on changes in the Bureau of Labor Statistics Consumer Price Index for the cost of food away from home. Five percent increases in the Index were effective January 1, 1974, and July 1, 1974. The reimbursement rate is currently 11.75 cents due to the six percent increase effective January 1, 1975.

Special cash assistance for free and reduced price lunches. These funds are used to provide for additional reimbursement to schools for free and reduced price lunches served to needy children. Public Law 93-150 increased the reimbursement rate for these lunches to at least 45 cents for free lunches and 10 cents less for reduced price lunches. The Consumer Price Index adjustor also applies to rates for these lunches. The current rate, effective January 1, 1975, is 52.5 cents for a free lunch and 42.5 cents for a reduced price lunch.

School breakfast program. This program provides assistance to States through grants-in-aid and other means to initiate, maintain, or expand nonprofit breakfast programs in schools. Public Law 92-433 made the program available to all schools desiring to participate. Public Law 93-150 removed the requirement that program reimbursement be tied to the cost of obtaining food and increased the reimbursement rates to 8 cents for paid breakfasts, 23 cents for reduced price breakfasts, and 28 cents for free breakfasts. In cases of severe need, a payment of up to 45 cents may be made for each free breakfast. The Consumer Price Index adjustor also applies to rates for breakfasts. The current average rates for the program are 9.25 cents for paid breakfasts, 26.75 cents for reduced price breakfasts, and 32.50 cents for free breakfasts.

Nonfood assistance program. The nonfood assistance program makes funds available to States to supply schools in low-income areas with food service equipment, other than land or buildings. Fifty percent of the funds were reserved for use in schools without food service during fiscal years 1973 through 1975.

State administrative expenses for child feeding programs. These funds are provided to State agencies to help pay the cost of supervising and giving technical assistance to the local school districts and service institutions in the management of their food service programs.

Nonschool food program. This program provides cash assistance for food service for children in nonresidential group activities, including day-care centers, settlement houses, and summer recreation centers that care for children from low-income areas, or from areas with many working mothers. The program is divided into year-round and summer programs. On January 1, 1974, previously non-USDA funded Head Start programs were added to the year-round nonschool food program.

Commodity procurement (Section 6). Purchase of commodities under Section 6 of the National School Lunch Act provides additional commodities to schools to supplement foods purchased locally or made available under other USDA commodity programs to the lunch program. Public Law 93-326 provided that the national average value of donated foods shall not be less than 10 cents per lunch and that this amount shall

be adjusted on an annual basis. The current rate for donated commodities is 10 cents per lunch in the schools, with additional support for the breakfast and nonschool programs.

Nutritional surveys, evaluation and training service. Nutritional training and education of workers, cooperators, and participants supplements the nutritional benefits of the feeding programs; necessary surveys and studies of requirements for feeding programs are also funded. In FY 1975, the funds will be divided among grants to States, studies and surveys, and nutritional education and training. Major areas of emphasis include nutrition education outreach efforts among the States, a study and comparison of the nutritional quality and microbiological safety of representative school food service delivery systems, and an educational campaign to coordinate and dramatize nutrition education activities of all Child Nutrition programs.

Administrative support for child nutrition programs. Child Nutrition Federal operating expenses provide funds for the overall administration of the Child Nutrition programs including regulatory and policy formulation, program development and appraisal, allocation of funds, audit and administrative reviews, and efforts to extend the program to needy schools in both metropolitan centers and rural areas. Administrative and technical assistance is provided to State agencies, participating schools and child care institutions. The programs are administered directly in private schools to which the State educational agency is prohibited by law from disbursing funds, and in child care institutions where no State agency has assumed the responsibility for administering the program.

INCREASES AND DECREASES

The increases reflect current estimates of participation and projected reimbursement rates. To cover the cost of higher reimbursement rates, the budget contains a proposed supplemental appropriation of \$24,623,000 for FY 1975.

- (1) An increase of \$58,856,000 for general cash-for-food assistance for lunches.
(Excludes proposed supplemental of \$5.2 million for FY 1975)

Need for Increase:

The total number of meals served will increase from 3,891 million in FY 1975 to 3,895 million in FY 1976. In addition, Public Law 93-150, enacted November 7, 1973, authorized a semiannual adjustment in the reimbursement rate for lunches based on changes in the Bureau of Labor Statistics Consumer Price Index for the cost of food away from home. The reimbursement rate is currently 11.75 cents because of the six percent increase effective January 1, 1975, and the 1976 budget assumes an average rate of 12.8 cents per lunch based on increases to be made in July of 1975 and January of 1976. If the 5 percent limit on increases as requested by the President is approved by the Congress, the 1976 estimate will be reduced by \$40 million.

- (2) An increase of \$133,320,000 for special cash assistance to needy children.
(Excludes proposed supplemental of \$19.4 million for FY 1975)

Need for Increase:

The increase in funding is due to an estimated rise in the number of free and reduced price lunches from 1,486 million in FY 1975 to 1,513 million in FY 1976. This would represent an increase from 9.0 million to 9.1 million needy children in average daily participation. The FY 1976 budget assumes increases in the average reimbursement rate for free and reduced price lunches from 50.6 cents in FY 1975 to 57.2 cents in FY 1976. If the 5 percent limit on increases as requested by the President is approved by the Congress, the 1976 estimate will be reduced by \$78 million.

- (3) A decrease of \$73,320,000 for the school breakfast program.

The decrease is because of the expiration of the authorizing legislation for the school breakfast program on June 30, 1975. The budget assumes no extension of this legislation--but, rather, replacement of this program with a comprehensive block grant to States for child food assistance.

The school breakfast program was established by the Child Nutrition Act of 1966. However, since that time the food stamp program has expanded to nationwide coverage, and benefits of that program are now available to all needy families. Therefore, needy children now receiving meals under the school breakfast program can have their nutritional needs met in their homes through the food stamp program.

The free and reduced price lunch program supplies nutritious meals at lunch time to a majority of those children who participate in the breakfast program.

- 4) A decrease of \$116,677,000 for the nonschool food program.

The decrease is because of the expiration of authorizing legislation for the non-school food program on June 30, 1975. The budget assumes no extension of this legislation--but, rather, replacement of this program with a comprehensive block grant to States for child food assistance.

(5) An increase of \$3,340,000 for Federal operating expenses consisting of:

- (a) An increase of \$220,000 for GSA space rental costs;
- (b) An increase of \$190,000 for annualization of pay cost increases effective in FY 1975;
- (c) An increase of \$125,000 for a comprehensive evaluation of the child nutrition programs;
- (d) An increase of \$403,000 for annualization of cost increases experienced during fiscal year 1975. This will provide full year funding for employee promotions and increased costs of supplies, services, printing, equipment and communications that were effective for less than a full year during 1975.
- (e) A decrease of \$610,000 and \$378,000 due to expiration of the nonschool feeding program and the school breakfast program respectively. The legislative authorization for these programs expires on June 30 and the budget presumes no extension of the programs--but, rather, the replacement of all the child nutrition programs with a comprehensive block grant program.
- (f) An increase of \$3,390,000 for cost-savings measures in 300 large school systems.

Need for Increase:

Child nutrition programs have become increasingly costly. Special attention to management practices in the large school systems is necessary to achieve proper administration.

Approximately 152 cities have populations of 100,000 or more. Since most of these cities have at least two major school systems within the metropolitan area, it is estimated that 300 major school systems would be included in the intensive review program. Each system would be thoroughly analyzed from a fiscal basis including procedures for ordering, receiving, and serving meals, free and reduced price application approvals, daily meal counts by free and reduced price, full cost accounting, claim filing, and reporting.

Plan of Work:

Five-member teams composed of Washington and Regional Office personnel would be established to spend approximately five weeks in each system. An initial visit of two to three weeks and two subsequent visits for one week each would provide for an initial thorough analysis and allow for followup work with the system.

The teams would represent a diversity of backgrounds and skills in order to provide comprehensive assistance in all areas of administration and management. The teams would consist of specialists in purchasing, nutrition, equipment and food delivery systems, accountants, recordkeeping and free and reduced price requirements. It is anticipated that most team members would be knowledgeable in at least two of these functions.

Generally the teams will follow the procedures outlined below:

1. Prepare a thorough analysis of the school system from information available at the State level. From that analysis will come a general idea of strengths, weaknesses, and potential problem areas.
2. Have an entrance conference with State agency representative, the district superintendent, food service director, comptroller, and other officials involved.

3. Begin work dissecting and evaluating systems employed to:
 - a. order and purchase foods including planning menus, writing specifications, letting bids, storing foods, and distributing foods to preparation centers;
 - b. plan equipment needs, centralize production and lower overhead expenses;
 - c. send out free and reduced-price meal applications, process those applications, use of prehearing conference and hearing procedures, and collection of money from students preventing overt identification;
 - d. count daily the meals served free, reduced-price, and full-price and maintenance of records substantiating those counts;
 - e. implement full cost accounting procedures;
 - f. submit claims and reports which are accurate and timely;
 - g. give supervisory assistance to local schools on menu planning preparation methods, equipment planning and maintenance, recordkeeping, accounting, and free and reduced-price policy implementation.
4. Have an exit conference with the same officials present at the entrance conference and present preliminary findings and corrective actions which were initiated by team.
5. Write a comprehensive report of the effort emphasizing corrective actions which were or will be initiated. Include an estimate of the cost-savings that will result from each recommendation.
6. Visit system twice more to follow up on recommendations to ensure that the newly established procedures are being followed and to assist the system in their implementation.
7. Write progress reports after each visit and monitor their system through their reports to the State.

TRANSITION BUDGET

Child Nutrition Programs

Transition Budget Estimate ----- \$236,591,000

JUSTIFICATION OF TRANSITION BUDGET ESTIMATE

The estimates reflect program levels, participation rates and reimbursement rates for the individual Child Nutrition Programs as follows:

General cash-for-food assistance for lunches ... an estimate of \$64,268,000.

Experience has shown that only 12 percent of the total lunches served in any fiscal year are served during the period July 1 to September 30, as most schools have a September opening date. The funds will provide for approximately 467.4 million lunches to be served to an average of 23.4 million children daily.

Special cash assistance for free and reduced price lunches ... an estimate of \$110,025,000.

The funds will provide for approximately 181.6 million free and reduced price meals to be served to an average of 9.1 million children daily. The September opening date would also apply to these meals.

Nonfood assistance program ... an estimate of \$7,000,000.

The funds requested represent one-fourth of the budget estimate for FY 1976.

State administrative expenses for child feeding program ... an estimate of \$1,675,000.

The funds requested represent one-fourth of the budget estimate for FY 1976.

Commodity procurement (Section 6) ... an estimate of \$50,000,000.

Commodities for the school lunch programs are usually purchased in the first half of the fiscal year. This is in order to take advantage of favorable market conditions and to make commodities available to the schools early in the year.

Nutritional surveys, evaluation and training service ... an estimate of \$250,000.

The funds requested represent one-fourth of the budget estimate for FY 1976.

Administrative support for child nutrition programs ... an estimate of \$3,373,000.

The funds requested are for 66 working days.

STATUS OF PROGRAM

Child Nutrition Programs

The primary objective of the child nutrition programs is to safeguard the health and well-being of the Nation's children by assisting nonprofit schools and service institutions in providing well-balanced meals. During 1974, the programs continued to expand, particularly as USDA and the States maintained efforts to extend the National School Lunch Program to schools without food service. Continued priority was given to efforts to provide free and reduced price meals to needy children. Discussion of child nutrition program activities includes work under funds allocated from the "Special Feeding Program" under Section 32.

Legislation enacted in the last few years has significantly expanded the child nutrition programs and made them more complex. Public Law 91-248, enacted in May 1970, greatly increased emphasis on providing program benefits to needy children. The law authorized national minimum eligibility standards for free and reduced price meals and placed certain related requirements on schools such as sending applications to all parents and establishing fair hearing procedures. It also authorized funds for nutritional training and studies and surveys and required that State revenue be used for part of the National School Lunch Program's provision on State and local matching requirements.

The law further required State agencies to submit annual plans of operations showing, among other things, how they plan to extend lunch programs to every school within the State.

Public Law 92-153, enacted November 1971, increased Federal support for the National School Lunch Program and guaranteed certain rates of Federal payments. These guaranteed rates were an average of six cents for all lunches served and an additional minimum payment based on 40 cents for free and reduced price lunches served to eligible children.

Public Law 92-433, enacted in September 1972, placed Section 4 general cash assistance on a "performance funding" basis by eliminating the statutory apportionment formula for Section 4 and by authorizing the allocation of Section 4 funds among States solely on their performance in serving lunches, with an eight cent Statewide average payment guaranteed for each lunch served. The law extended the "performance funding" concept also to the School Breakfast Program starting in fiscal 1974, and made the program available to all schools that request it. The law placed maximum limits on eligibility levels for free and reduced price meals of up to 125 percent of the national minimum standards for free meals and up to 150 percent for reduced price meals. The law reserved 50 percent of appropriated nonfood (equipment) assistance funds for exclusive use in schools without food service.

Public Law 93-150, enacted in November 1973, extended the performance funding concept to Section 11 special cash assistance funds. It increased Section 4 Federal payments and also increased average Federal payments under the School Breakfast Program. It provided for the average rates of Federal payments under the lunch and breakfast programs to be adjusted semi-annually to reflect changes in the Consumer Price Index for food away from home. It authorized cash payments to make up shortages in distribution of donated foods for the child nutrition programs, and it directed the Secretary to conduct a comprehensive study of the programs. A report of the study was sent to the Congress in early fiscal 1975.

Public Law 93-326, enacted in June 1974, set as a minimum level of commodity assistance for National School Lunch Program schools foods with a national average value of ten cents per lunch, or cash payments in lieu thereof. The law provided for this amount to be adjusted on an annual basis to reflect changes in the Consumer Price Index for food away from home. In addition, this law permanently raised the income guidelines for reduced price lunches to 175 percent of the Secretary's guidelines.

The National Advisory Council on Child Nutrition, authorized by Public Law 91-248, submitted its third annual report to the President and Congress in March 1974. The Council continued to lay heavy emphasis on increasing nutrition education efforts. In addition, the Council recommended a continuation of the drive to extend child nutrition programs to schools without food service, stepped up efforts to increase student participation in schools with food service programs, and an increase in Federal funds to help strengthen State administration of the child nutrition programs.

During fiscal year 1973, a uniform accounting manual for school food service systems was developed. The handbook was tested by USDA in fiscal year 1974 and is now available for voluntary implementation by school districts across the Nation. Use of the handbook is being encouraged to assist local school districts in managing their food programs and to provide more uniform and reliable data for program accountability and planning purposes.

Current activities and trends:

1. Furnishing cash assistance to States:

All the child nutrition programs are jointly administered by the Department of Agriculture and State educational agencies. Cash assistance is provided for the programs as follows:

A. National School Lunch Program

The National School Lunch Act of 1946 authorized Federal assistance to help States and schools serve nutritious lunches to children at school. Section 4 of the Act makes general cash assistance funds available through State educational agencies to schools for a portion of the food cost of all lunches served to children. Section 11 of the Act provides additional assistance for free and reduced price lunches served to needy children.

Starting in fiscal year 1974, all program funds are distributed among the States on a performance funding basis, with States guaranteed certain average rates of Federal payments for all lunches served. State agencies may vary rates within the States based on the need of individual schools, and especially needy schools may receive up to 100 percent of the cost of providing free and reduced price lunches. During the first half of fiscal year 1975, the Federal rate under Section 4 was 11 cents for all lunches served, and the rates under Section 11 were 49.5 cents for free lunches and 39.5 cents for reduced price lunches. These rates are adjusted semi-annually based on changes in the Consumer Price Index for food away from home. In fiscal year 1974, the average Federal payments were 10.3 cents under Section 4 and 45.7 cents under Section 11.

In return for the Federal assistance, schools must agree to:

- Operate on a nonprofit basis and observe limitations on use of program funds;
- Serve lunches meeting minimum nutritional requirements prescribed by the Secretary of Agriculture;
- Offer lunch to all children attending school;
- Provide lunches free to children from families with incomes below the minimum income poverty guidelines set by the Secretary which in fiscal year 1975 were \$4,510 annually for a family of four (States and schools may set higher standards for free lunches of up to 125 percent of the Secretary's minimum guidelines, and schools may choose to serve reduced price lunches with standards that go up to 175 percent of the Secretary's minimum guidelines).

- Permit no discrimination against any child because of his inability to pay the full price;
- Comply with all requirements of the Civil Rights Act and related regulations for the program;
- Purchase commodities designated as being in abundance by the Department and accept and use, to the extent possible, foods donated by the Department; and
- Maintain full, accurate records of their lunch programs.

The Food and Nutrition Service also pays funds directly to about 1,600 participating private schools in 18 States. This is done when State laws forbid disbursement of Federal funds by State agencies to private schools (a proportionate share of the State's total apportionment is set aside for this purpose).

There are two major continuing projects which promise to affect program participation. FNS is testing ways to increase the participation of high school students, and trying to extend the child nutrition programs to schools without food service.

As a result of these efforts, almost 1,000 additional schools entered the program during fiscal year 1974, bringing the total number of participating schools to 87,260. Some 3,985 million lunches were served in these schools in fiscal year 1974, while the number of children participating in the program stood at 24.9 million in the peak month, despite declining school enrollments. The dramatic increases of the last few years in the number of free and reduced price lunches served continued in fiscal year 1974. The 1,494 million free and reduced price lunches served then represented 37.5 percent of all lunches served, compared with 35.0 percent in fiscal year 1973. Almost 9.4 million needy children were reached by the program in March 1974, the highest number ever reached.

B. School Breakfast Program

The Child Nutrition Act of 1966 authorized on a two year pilot basis a program to provide assistance to schools for serving breakfast to children. Legislation since then has extended the program through fiscal year 1975, made requirements for providing free and reduced price breakfasts under the program identical to requirements under the National School Lunch Program, and placed distribution of program funds on a performance funding basis. The program originally was limited to schools in low-income areas and areas where children must travel long distances to school. Legislation in September 1972 made the program available to all schools requesting it.

Public Law 93-150, enacted in November 1973, increased breakfast program average Federal payments and provided for rates of reimbursement to be adjusted semi-annually to reflect changes in the Consumer Price Index for food away from home. In the first half of fiscal year 1975, adjustments made due to such changes resulted in rates of 8.75 cents for paid breakfasts, 25.25 cents for reduced price breakfasts, and 30.75 cents for free breakfasts. Additional Federal assistance to pay up to 100 percent of operating costs for free breakfasts, not to exceed 45 cents, is provided in especially needy situations.

During fiscal year 1974, the number of schools participating in the program increased from 9,700 to 11,775 and the number of participating children increased by 15.3 percent to 1.5 million children in the peak month. A total of 225 million breakfasts were served, an increase of 16 percent over fiscal year 1973. The program continued to primarily benefit needy children with 84 percent of the breakfasts served free or at reduced prices,

C. Nonfood Assistance

The Child Nutrition Act of 1966 authorized a program of cash assistance to help schools in low-income areas acquire food service equipment, other than land or buildings, to establish, maintain, or expand food service programs. State and local sources must bear 25 percent of the cost of the equipment. Under Public Law 92-433, this requirement may be met on a Statewide average basis and may be waived in the case of especially needy schools without food service. Public Law 92-433 also reserved 50 percent of all nonfood assistance funds for exclusive use in needy schools without food service. Half the program funds are allocated among States based on enrollment in schools without food service, and the remaining half are allocated based on the number of lunches served in each State.

A survey in October 1973 showed that 17,800 eligible schools with five million children enrolled were without food service programs. The slight increase in the number of schools without food service compared with the October 1972 report is partly attributed to improved reporting on private schools.

In fiscal year 1974, 7,047 schools with food service and 1,439 without food service were approved for assistance. An average Federal contribution of \$2,174 per school with food service and \$9,588 per school without food service was committed.

Food and Nutrition Service personnel continued to work with State, local and industry food service personnel in the areas of food delivery systems, facility layout and equipment specification development work. Slide presentations and other visual material have been used to assist schools and industry in designing suitable systems.

D. State Administrative Expenses

The Child Nutrition Act of 1966 authorized the use of Federal funds for State administrative expenses in undertaking additional activities involved in supervising and giving technical assistance to schools and service institutions participating in the child nutrition programs. Federal funds for State administrative expenses remained at basically the same level from fiscal year 1971 through 1974. To help strengthen State administration of the child nutrition programs and to help offset the burden on States' payrolls imposed by inflation, a request for State administrative expenses almost twice that for fiscal year 1974 was approved for 1975.

E. Nonschool Food Program (Special Food Service Program for Children)

The National School Lunch Act, as amended in 1968, authorized on a three-year pilot basis the Special Food Service Program for Children to provide assistance for meal service to nonresidential child-care institutions serving low-income areas and areas with many working mothers. The program operates in a two-fold manner: year-round in day-care centers primarily for pre-school children, and summer-only in parks, playgrounds, and recreation programs primarily for school age children. Each State receives a basic grant of not more than \$50,000. The remaining funds are apportioned by a formula based on the number of children from families with incomes under \$3,000 per year. Section 32 funds, when used for this program, are not apportioned in accordance with this formula.

The Special Food Service Program continued to grow in complexity and scope during fiscal year 1974. Due in large part to the decision to permit previously excluded Head Start Programs to participate effective January 1, 1974, the number of children served in the year-round program

increased from 225 thousand in fiscal year 1973 to 366 thousand in fiscal year 1974, an increase of 63 percent. The number of year-round meals served increased from 118 million in 1973 to 161 million in 1974, a 36 percent increase.

The summer phase of the nonschool food program showed little change in fiscal year 1974 over 1973. About 1.4 million children participated in the summer program and consumed 64 million meals in fiscal year 1974. Participation for the previous year was about the same.

2. Commodity procurement:

Food is furnished to schools and institutions through State distributing agencies. Commodities are acquired under various authorities. These include Section 6 of the National School Lunch Act, Section 32 of the Act of August 24, 1935, as amended, Section 416 of the Agricultural Act of 1949, as amended, and Section 709 of the Food and Agricultural Act of 1965.

In fiscal year 1974, the value of commodities distributed for child nutrition programs was 7.6 cents per lunch. Public Law 93-326, enacted in June 1974, sets a ten cent minimum value of donated foods for each lunch served in the National School Lunch Program. This amount is to be adjusted annually to reflect changes in the Consumer Price Index for food away from home. Public Law 93-150 provides permanent authority for making up commodity shortages for child nutrition programs with cash payments. In fiscal year 1974 the farm marketing and supply situation was such that all of the \$319 million worth of commodities designated for child nutrition programs were distributed in commodity form; no cash payments were necessary.

3. Nutritional training and surveys:

Public Law 91-248 provides that up to one percent of the total funds appropriated for the child nutrition programs may be used for nutritional training and for surveys of food service requirements. In fiscal year 1974, emphasis was placed on projects to provide additional training in nutrition education for school food service workers and to evaluate the effectiveness of nutrition education efforts aimed at school children, specialists at the State level, and school food service workers.

4. Special developmental projects:

Section 8 of P.L. 91-248 provides for the reserving of up to one percent of the funds available for apportionment to any State to carry out special developmental projects. In fiscal year 1974, projects were initiated in Georgia and California.

5. Administrative and technical assistance:

Assistance is provided to State agencies, schools and institutions to help in:

- a. Management of funds;
- b. Purchase and storage of foods;
- c. Maximizing local purchases of plentiful foods;
- d. Proper use of equipment;
- e. Preparation and service of meals;
- f. Maintenance of records and preparation of reports;
- g. Development of recipes, particularly those using donated and plentiful foods;

- h. Increasing participation in program;
- i. Adequacy of program operations;
- j. In-service workshop training meetings;
- k. Extension of program to especially needy schools both in core areas of metropolitan centers and in isolated rural areas.

Training and instruction of school food service personnel received continuing emphasis in 1974. Emphasis has been placed on in-service training for local personnel. This training is provided directly to private schools and institutions which have programs administered by the Department. It is also provided in cooperation with State agencies which administer school lunch programs. Training materials such as flip-charts, slides, films, scripts, and sound tapes have been classified and catalogued and made available for use or loan to private school workshops and State agencies.

In addition, the FNS-funded Food and Nutrition Information and Educational Materials Center at the National Agricultural Library provided various materials to several thousand users during 1974. The users included school food service directors, supervisors, and training and nutrition education specialists at all levels.

6. Evaluation of program operations:

Individual school lunch programs are evaluated and their administrative efficiency determined by:

- a. On-site reviews at the individual schools and service institutions;
- b. Comprehensive management evaluations of State agencies' operations under the program; and
- c. Annual audits of the records of State agencies. Similar audits are made of the records of selected schools and service institutions.

Program policy is to encourage and assist State educational agencies to assume increasing responsibility for the administration of the programs. All States have assumed the responsibility for the administrative review of individual programs in public schools. At least 22 States have assumed responsibility for individual school audit programs.

7. Selected statistical material and analyses:

The following tables present analyses of the growth and scope of the child nutrition programs:

Tables I and Ia	-- Source of Funds, Matching Requirements and Participation, in the first year of operation and the latest four years and analyses.
Table II	-- Apportionment of funds by States, Nonfood Assistance Program 1975.
Table III	-- Apportionment of Funds by States, Nonschool Food Program 1975.
Table IV	-- Comparison of Federal and State Financing 1974, by State.
Table V	-- Children and Schools Participating 1974, by State.
Table VI	-- Commodities distributed in 1973 and 1974 by quantity and cost.

UNITED STATES DEPARTMENT OF AGRICULTURE
Food and Nutrition Service

TABLE I

Child Nutrition Programs
Source of Funds Including Special Milk, Matching Requirements and Participation in the Programs
Fiscal Year 1947 (First Year) and Fiscal Years 1972-1975
(dollars in thousands)

Item	1947	1972	1973	1974	1975 (est.)
1. Method of Financing Programs					
Contributions from Federal Sources					
a. <u>Financing 1/</u>					
1. Cash payments to States:	\$59,853	\$ 248,418	\$ 324,102	\$ 412,124	\$ 444,375
a. School Lunch	--	491,357	555,307	683,248	751,072
b. Special Assistance	--	24,422	37,002	60,716	73,320
c. School Breakfast	--	15,894	16,032	29,123	28,000
d. Nonfood Assistance	--	2,716	3,413	3,714	6,700
e. State Administrative Expenses	--	37,941	54,098	70,405	116,677
f. Nonschool Food Program	--	597	734	874	1,000
2. Nutritional Training and Surveys	59,853	821,345	990,688	1,260,204	1,421,144
Total					
2. Donated Commodities 2/					
1. Section 6	5,735	63,298	63,553	64,320	64,325
2. Section 32	2,313	109,417	55,462	159,209	171,145
3. CCC (Section 416)	--	111,271	125,372	124,311	125,530
Total	8,048	283,986	244,387 a/	347,840 b/	361,000 b/
c. Special Milk Program					
Total, Federal Contributions	67,901	1,195,526	1,329,842	1,669,436	1,901,314
Contributions from State Sources					
a. Direct appropriation					
State and local	20,616	270,279	297,573	417,925	421,190
b. Other local contributions	17,532	345,696	395,099	392,411	395,477
c. Payments by children	112,540	1,080,449	1,123,656	1,174,158	1,183,333
Total, State Contributions	150,688	1,696,424	1,816,328	1,984,494	2,000,000
Total Contributions, Federal and State	218,589	2,891,950	3,146,170	3,653,930	3,901,314
2. Matching 3/					
Federal apportionment of cash to States	62,338	225,018	225,747	--	--
Required by States under School Lunch Act	55,878	665,260	873,090	1,100,000	1,250,000
Contributed by States	150,688	1,696,424	1,804,654	1,984,494	2,000,000
3. School Enrollment (thousands)	26,000	51,900	51,400	51,355	51,200

a/ In addition \$70,797 thousand cash in lieu of commodities.

b/ Includes \$45,000,000 beef purchases in 1974 for distribution in 1975.

TABLE I - cont'd

Item	1947	1972	1973	1974	1975 (est.)
4. Participation in Programs					
a. Total, School Lunch					
Lunches served (millions) -----	910.9	3,972.1	4,008.8	3,985.5	3,891.0
Children (millions-daily average) -----	5.1	24.1	24.5	24.0	23.4
Average Federal meal reimbursement -----	6.6c	18.7c	21.9c	27.5c	30.7c
Number of schools (peak) ^{4/} -----	44,537	83,379	86,390	87,206	87,515
(1) School Lunch - Section 4					
Lunches served (millions) -----	910.9	3,972.1	4,008.8	3,985.5	3,891.0
Average Federal reimbursement -----	--	6.3c	8.0c	10.3c	11.4c
(2) Free and Reduced Price Lunches					
Lunches served (millions) -----	--	1,285.3	1,402.4	1,494.0	1,486.0
Children (millions-daily average) -----	--	7.8	8.4	9.0	9.0
Average Federal reimbursement -----	--	38.5c	40.0c	45.7c	50.6c
b. School Breakfast					
Breakfast served (millions) -----	--	169.3	194.1	225.1	257.0
Children (thousands - daily average) -----	--	1,026.0	1,165.4	1,356.8	1,549.0
Average Federal reimbursement -----	--	14.5c	19.4c	26.9c	28.5c
c. Nonfood Assistance					
Schools equipped -----	--	6,603	6,442	8,486	7,689
Average contribution per school -----	--	\$2,407	\$2,488	\$3,432	\$3,642
d. Nonschool Food Program					
Meals served (millions) -----	--	176.2	182.9	225.4	347.0
Year-round -----	--	102.8	117.5	161.0	260.0
Summer -----	--	73.4	65.4	64.4	87.0
Children served (thousands) -----	--	1,161.8	1,370.0	1,834.0	2,528.0
Year-round -----	--	185.0	195.0	246.0	400.0
Summer -----	--	976.8	1,175.0	1,588.0	2,128.0
Special Milk Program					
Half-pints milk (millions) -----	--	2,498	2,561	1,499	1,921
Number of children receiving milk (millions) -----	--	14.1	14.5	8.5	10.9
Total outlets -----	--	94,016	98,755	91,038	89,050
Schools -----	--	90,850	92,016	84,932	84,000
Child-care -----	--	3,166	6,739	6,106	5,050
5. Foods bought in local markets with Federal Cash Payments and State Contributions -----	\$128,648,278	\$1,250,773,000	\$1,408,364,967	\$1,638,706,996	\$1,835,680,000
6. Total Appropriation ^{5/} -----	\$ 81,000,000	\$1,056,079,000	\$1,231,984,000	\$1,425,362,000	\$1,583,316,000 ^{b/}

^{1/} Includes funds from Child Nutrition, special section 32 and section 32 transfer.

^{2/} Represents commodity purchases in year indicated.

^{3/} State matching requirements per Federal dollar are as follows: 1947-50, \$1 to \$1; 1951-55, \$1.50 to \$1.00; thereafter, \$3.00 to \$1.00 EXCEPT that for States with per capita income below the National average the ratio required is decreased by the percentage which the State per capita income is below the per capita income of the United States. Lowest matching requirement in the States for 1947-50 was \$.46 to \$1.00; 1951-55, \$.73 to \$1.50; 1956-60, \$1.41 to \$3.00; 1961-70, \$1.54 to \$3.00; 1971, \$1.79 to \$3.00; 1972, \$1.96 to \$3.00; 1973, \$2.01 to \$3.00; 1974, \$2.05 to \$3.00; 1975, \$2.10 to \$3.00.

^{4/} Represents total schools participating in school lunch, special assistance and school breakfast.

^{5/} Includes funds appropriated under child nutrition, special milk, section 32 transfer and special section 32. Does not include carryover funds.

^{b/} Includes proposed supplemental of \$24,623,000.

UNITED STATES DEPARTMENT OF AGRICULTURE

Food and Nutrition Service

Child Nutrition Programs

Analyses of Sources of Funds, Matching Requirements and Participation in the Programs
Fiscal Year 1947 (First Year) and Fiscal Years 1972-1975

TABLE Ia

	1947	1972	1973	1974	1975
1. Total cost per lunch (Includes all lunches except Type C)	30.4¢	68.5¢	75.1¢	84.9¢	92.1¢
a. Federal contributions (excluding special milk)	9.3	25.8	29.8	35.1	40.7
b. State and local contributions	5.6	15.5	17.3	20.3	21.0
c. Children's payments	15.5	27.2	28.0	29.5	30.4
2. Average rate of reimbursement from Federal cash payments per Type A lunch:					
Section 4	8.7¢	6.3¢	8.1¢	10.3¢	11.4¢
Section 11	---	38.2¢	39.6¢	45.7¢	50.5¢
Donated commodities a/	8.8¢	7.1¢	7.9¢	7.6¢	10.0¢
3. Annual contribution per child (Excludes children participating in Type C Programs)	\$45.97	\$112.87	\$122.88	\$140.94	\$153.19
a. Federal (Excluding special milk):					
Cash payments	\$12.27	\$30.70	\$35.89	\$45.64	\$51.09
Donated commodities	1.78	11.78	12.86	12.62	16.63
Total, Federal	14.05	42.48	48.75	58.26	67.72
b. State and local contributions	8.47	25.56	28.27	33.76	34.90
c. Children's payments	23.45	44.83	45.86	48.92	50.57
4. Percent of total U.S. enrollment participating	16.9%	46.3%	49.0%	48.7%	48.7%
5. Average number of children participating per school	101	299	293	288	286

a/ Represents distribution from State warehouses to local school districts.

TABLE 11

CHILD FEEDING PROGRAM -- Nonfood Assistance
Apportionment of Funds, by States, Nonfood Assistance Program

Fiscal Year 1975

STATE	One-Half Apportionment Based on			Enrollment in Schools			Percent of			One-Half Apportionment			Total Apportionment		
	Total Lunches Served in FY 1973			Without Food Service 1/			Schools in			Based on Schools 2/			Total		
	Total	State	Regional	Total	State	Regional	Total	Food Service	W/O	Total	State	Regional	Total	Agency	State
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Alabama	346,662	340,522	6,140	26,942	223	26,719	51,535	72,148	28,651	597	71,551	418,810	349,119	77,691	
Alaska	22,685	22,685		10,699	10,699		20,465	28,651	28,651			51,336	51,336		
Arizona	124,154	124,154		46,872	46,872		89,656	125,579	125,579			239,672	239,672		
Arkansas	186,344	186,344		3,880	3,880		16,596	10,300	10,300			186,344	186,344		
California	784,987	784,987		867,662	867,662		16,596	2,323,521	2,323,521			3,105,508	3,105,508		
Colorado	155,238	155,238		40,623	22,316	18,308	77,703	108,732	59,755	49,027		214,735	214,735		
Connecticut	122,430	122,430		148,934	148,934		2,818,880	398,832	398,832			521,460	521,460		
Delaware	43,337	43,337		8,546	8,546		1,694,9	22,885	22,885			66,222	66,222		
District of Columbia	37,380	37,380		18,528	18,528		3,940	49,616	49,616			86,566	86,566		
Florida	560,824	560,824		146,130	146,130		2,729,516	391,323	391,323			952,316	952,316		
Georgia	531,907	531,907		801	801		10,059	30	30			531,907	531,907		
Idaho	78,188	78,188		12,174	12,174		23,286	32,145	32,145			111,905	111,905		
Illinois	565,661	565,661		1,080	1,080		1,948	27,382	27,382			84,169	84,169		
Indiana	365,697	365,697		500,712	500,712		9,577,88	1,340,862	1,340,862			1,906,253	1,906,253		
Iowa	263,224	263,224		20,339	20,339		1,594,97	153,936	153,936			340,233	340,233		
Kansas	176,295	176,295		24,867	24,867		4,956	66,592	66,592			217,880	217,880		
Kentucky	327,622	327,622		6,458	6,458		1,123,53	17,124	17,124			344,916	344,916		
Louisiana	420,787	420,787		52,828	52,828		1,020,53	741,159	741,159			271,236	271,236		
Maine	72,623	72,623		25,259	25,259		1,870,43	94,420	94,420			142,045	142,045		
Maryland	262,501	262,501		81,559	81,559		1,677,1	219,479	219,479			425,980	425,980		
Massachusetts	392,410	392,410		148,602	148,602		2,424,25	397,943	397,943			790,353	790,353		
Michigan	404,202	404,202		231,105	231,105		4,420,56	618,678	618,678			1,023,080	1,023,080		
Minnesota	232,377	232,377		21,629	21,629		1,123,53	137,374	137,374			340,233	340,233		
Mississippi	342,173	342,173		40,355	40,355		1,886,68	184,135	184,135			376,655	376,655		
Missouri	345,515	345,515		31,670	31,670		1,697,8	84,869	84,869			131,324	131,324		
Montana	42,045	42,045		35,441	35,441		1,697,8	109,685	109,685			153,453	153,453		
Nebraska	131,161	131,161		46,136	46,136		1,697,8	125,690	125,690			239,161	239,161		
Nevada	20,435	20,435		8,174	8,174		1,660,9	22,692	22,692			43,127	43,127		
New Hampshire	18,037	18,037		28,103	28,103		5,377,55	23,257	23,257			121,294	121,294		
New Jersey	288,652	288,652		592,460	592,460		11,532,53	1,586,535	1,586,535			1,872,288	1,872,288		
New Mexico	101,676	101,676		3,530	3,530		1,057,8	14,869	14,869			116,485	116,485		
New York	904,115	904,115		508,250	508,250		9,721,77	1,561,048	1,561,048			2,267,863	2,267,863		
North Carolina	521,602	521,602		17,601	17,601		5,385,8	47,402	47,402			584,804	584,804		
North Dakota	613,400	613,400		123,516	123,516		1,181,7	16,544	16,544			72,114	72,114		
Ohio	207,878	207,878		368	368		5,396,79	755,551	755,551			1,396,935	1,396,935		
Oklahoma	140,616	140,616		25,705	25,705		1,083,2	68,632	68,632			210,470	210,470		
Oregon	656,205	656,205		551,609	551,609		10,527,27	1,976,608	1,976,608			2,128,823	2,128,823		
Pennsylvania	214,600	214,600		47,817	47,817		1,181,7	14,366	14,366			381,402	381,402		
Rhode Island	40,616	40,616		10,568	10,568		1,569,1	44,366	44,366			85,014	85,014		
South Carolina	275,723	275,723		1,322	1,322		1,787,7	52,177	52,177			330,375	330,375		
South Dakota	60,985	60,985		7,776	7,776		1,181,7	20,823	20,823			81,808	81,808		
Tennessee	392,603	392,603		8,177	8,177		1,697,8	22,453	22,453			373,036	373,036		
Texas	848,161	848,161		9,953	9,953		1,537,44	213,642	213,642			1,063,403	1,063,403		
Utah	116,555	116,555		7,014	7,014		1,537,44	18,785	18,785			135,338	135,338		
Vermont	30,395	30,395		10,871	10,871		1,489,4	29,112	29,112			59,507	59,507		
Virginia	408,177	408,177		18,044	18,044		2,863,1	48,731	48,731			453,668	453,668		
Virgin Islands	11,844	11,844		2,431	2,431		1,043,66	6,028	6,028			17,872	17,872		
Washington	186,093	186,093		27,500	27,500		1,093,86	153,421	153,421			339,480	339,480		
West Virginia	144,823	144,823		14,835	14,835		2,869,76	29,727	29,727			184,556	184,556		
Wisconsin	274,460	274,460		36,856	36,856		3,548,17	468,744	468,744			743,234	743,234		
Wyoming	24,335	24,335		9,051	9,051		1,731,3	24,258	24,258			46,573	46,573		
TOTAL	14,000,000	13,847,678	152,322	5,227,958	4,747,525	480,433	100,00000	14,000,060	12,713,443		1,286,557	28,000,000	26,561,121		1,438,879

1/ Figures supplied in special survey by State Agencies and Regional Offices where private schools are administered by USDA.

UNITED STATES DEPARTMENT OF AGRICULTURE
Food and Nutrition Service
Washington, D. C. 20250

TABLE III

CHILD FEEDING PROGRAM--Nonschool Food Program (Section 13)
(Special Food Service Program for Children)

Apportionment of Funds, by States, Nonschool Food Program

Fiscal Year 1975

STATE	Number of Children Age 3-17	Percent of Total	Basic Apportionment	Remainder Apportionment	Total Apportionment
Dollars					
Alabama	171,365	3.52787	50,000	774,367	824,367
Alaska	7,673	0.15796	50,000	34,672	84,672
Arizona	53,065	1.09244	50,000	239,791	289,791
Arkansas	96,865	1.99415	50,000	437,716	437,716
California	388,815	8.00449	50,000	1,756,986	1,806,986
Colorado	45,459	0.93586	50,000	205,421	255,421
Connecticut	39,540	0.81401	50,000	178,675	228,675
Delaware	10,405	0.21421	50,000	47,019	97,019
District of Columbia	23,705	0.48801	50,000	107,118	157,118
Florida	186,035	3.82988	50,000	840,659	890,659
Georgia	178,172	3.66801	50,000	805,128	855,128
Hawaii	12,448	0.25627	50,000	56,251	106,251
Idaho	13,902	0.28620	50,000	62,821	112,821
Illinois	190,891	3.92985	50,000	862,602	912,602
Indiana	77,451	1.59447	50,000	349,986	399,986
Iowa	43,680	0.89924	50,000	197,383	247,383
Kansas	40,199	0.82757	50,000	181,652	231,652
Kentucky	136,800	2.81629	50,000	618,176	668,176
Louisiana	204,161	4.20304	50,000	922,567	972,567
Maine	19,139	0.39401	50,000	86,485	136,485
Maryland	77,371	1.59283	50,000	349,626	399,626
Massachusetts	76,987	1.58492	50,000	347,890	397,890
Michigan	147,363	3.03374	50,000	665,906	715,906
Minnesota	59,044	1.21553	50,000	266,809	316,809
Mississippi	173,535	3.57254	50,000	784,173	834,173
Missouri	108,592	2.23557	50,000	490,708	540,708
Montana	15,947	0.32830	50,000	72,062	122,062
Nebraska	29,295	0.60309	50,000	132,378	182,378
Nevada	7,561	0.15566	50,000	34,167	84,167
New Hampshire	8,734	0.17981	50,000	39,468	89,468
New Jersey	101,099	2.08131	50,000	456,848	506,848
New Mexico	49,966	1.02864	50,000	225,786	275,786
New York	345,336	7.10940	50,000	1,560,513	1,610,513
North Carolina	188,149	3.87340	50,000	850,211	900,211
North Dakota	14,618	0.30094	50,000	66,056	116,056
Ohio	188,846	3.88775	50,000	853,361	903,361
Oklahoma	75,832	1.56114	50,000	342,670	392,670
Oregon	36,716	0.75587	50,000	165,913	215,913
Pennsylvania	187,736	3.86490	50,000	848,346	898,346
Rhode Island	16,693	0.34366	50,000	75,433	125,433
South Carolina	125,688	2.58752	50,000	567,961	617,961
South Dakota	20,514	0.42232	50,000	92,699	142,699
Tennessee	150,683	3.10209	50,000	680,909	730,909
Texas	364,097	7.49562	50,000	1,645,289	1,695,289
Utah	19,597	0.40344	50,000	88,555	138,555
Vermont	6,451	0.13281	50,000	29,152	79,152
Virginia	127,066	2.61589	50,000	574,188	624,188
Washington	53,675	1.10500	50,000	242,548	292,548
West Virginia	68,706	1.41444	50,000	310,470	360,470
Wisconsin	65,648	1.35149	50,000	296,652	346,652
Wyoming	6,147	0.12655	50,000	27,778	77,778
U. S. Total	4,897,462	100.00000	2,550,000	21,950,000	24,500,000
<u>Outlying Areas</u>					
Guam	31,562	2.89264	--	14,463	14,463
Puerto Rico	988,788	90.62163	--	453,108	453,108
Virgin Islands	20,436	1.87294	--	9,365	9,365
Samoa American	11,990	1.09887	--	5,494	5,494
Trust Territory	38,341	3.51392	--	17,570	17,570
Total	1,091,117	100.00000	--	500,000	500,000
Grand Total	5,948,579		2,550,000	22,450,000	25,000,000

1 The 50 states and the District of Columbia data represent the number of children age 3-17 in families with incomes under \$3000 from Department of Health Education and Welfare (1970.) The Outlying areas data represent total population age 3-17 furnished by the Department of Commerce.

2 Two percent of the total funds made available to the outlying areas. A basic apportionment of \$50,000 made to the 50 states and the District of Columbia, and the remainder distributed by the percent in Column 2.

TABLE IV

UNITED STATES DEPARTMENT OF AGRICULTURE
FOOD AND NUTRITION SERVICEChild Nutrition and Special Milk Programs
Comparison of Federal and State Financing for the Fiscal Year 1974

State	Special Milk	School Lunch	Special Assistance	School Breakfast	Nonfood Assistance	Food Program	State Admin. Expenses	Special Feeding	Commodity Distribution Section 6 b/	Donated Commodities	Total Federal Contribution c/	Federal Contribution d/	State and Local Financing e/	Total Federal and State	Per Capita Contrib. as Percent of Total
Alabama	728,274	9,625,000	7,883,546	1,637,858	377,850	912,246	129,239	\$ 44,338,450	\$ 1,622,069	\$ 6,230,914	\$ 43,515,446	\$ 28,160,455	\$ 71,675,901	60.7	
Alaska	11,735	500,848	342,180	85,119	115,169	39,776	26,537	265,494	160,445	1,650,445	2,040,445	4,894,473	2,547,947	34.3	
Arizona	17,148	3,724,796	2,519,585	709,662	252,071	301,733	55,895	2,745,831	626,848	2,839,659	13,946,047	21,197,092	35,143,139	39.7	
Arkansas	439,009	5,398,193	4,591,770	928,661	206,137	501,583	61,484	6,063,939	1,017,918	3,650,909	22,860,588	16,722,143	39,582,731	57.8	
California	3,611,685	23,751,652	22,919,734	3,242,396	1,858,334	1,179,855	172,629	33,463,436	4,113,051	15,028,081	116,422,873	144,778,352	259,100,225	44.1	
Colorado	468,064	4,607,652	2,126,037	345,914	20,585	284,978	54,011	2,520,427	411,051	2,844,186	14,422,905	22,540,514	36,963,419	39.0	
Connecticut	1,157,783	3,598,500	1,868,836	112,906	1,181,569	343,083	49,000	2,627,164	603,783	2,210,551	13,753,125	27,012,679	40,765,854	33.7	
Delaware	166,726	1,278,500	594,692	153,000	40,379	151,399	32,234	1,061,709	168,456	84,117	4,488,212	7,292,559	11,783,751	38.1	
District of Columbia	155,890	1,021,369	1,096,232	699,892	46,370	121,454	31,729	3,349,535	210,161	9,841,919	7,604,571	6,770,218	14,576,789	52.9	
Florida	468,058	15,961,019	9,391,870	3,105,021	672,052	1,663,477	129,364	17,900,689	2,133,012	9,841,919	61,266,396	80,788,827	142,055,223	43.1	
Georgia	935,604	15,321,995	9,985,913	1,162,000	595,492	1,182,263	108,865	20,101,674	1,852,590	9,544,084	61,780,080	53,098,277	114,878,357	53.8	
Hawaii	32,598	2,665,857	643,476	83,014	69,452	135,060	27,744	555,271	238,068	1,223,768	5,959,813	12,729,521	18,689,334	31.2	
Idaho	110,860	1,644,735	697,558	15,354	159,352	70,319	17,166	525,211	258,088	1,058,566	6,749,684	6,749,684	11,366,361	40.5	
Illinois	5,445,319	17,660,000	1,586,000	1,586,000	821,954	869,794	111,619	25,187,698	2,939,939	9,243,457	32,579,942	93,686,452	167,216,394	44.0	
Indiana	1,530,172	11,250,224	3,685,828	410,000	851,235	669,839	73,383	5,742,393	1,917,536	6,546,501	32,677,819	61,884,976	94,562,795	34.6	
Iowa	650,725	5,215,000	2,172,275	226,200	261,862	202,634	72,460	3,083,347	1,344,912	4,933,772	20,891,085	42,991,903	63,882,988	32.7	
Kansas	650,725	5,215,000	2,172,275	226,200	261,862	202,634	72,460	3,083,347	1,344,912	4,933,772	20,891,085	42,991,903	63,882,988	32.7	
Kentucky	942,351	4,473,400	6,338,405	3,966,000	392,781	621,951	115,984	9,871,616	1,610,831	5,270,767	39,124,086	26,199,931	65,321,017	58.9	
Louisiana	207,438	12,450,668	9,093,155	2,865,965	476,186	892,164	122,834	20,347,376	1,775,203	9,279,580	57,510,569	46,765,339	104,271,908	55.2	
Maine	346,192	2,107,336	974,152	207,354	371,586	136,981	38,241	7,484,482	830,073	1,208,446	8,308,196	9,450,406	17,759,402	46.8	
Maryland	1,316,388	5,962,508	3,101,839	518,421	160,169	368,398	51,361	7,484,482	830,073	1,208,446	8,308,196	9,450,406	17,759,402	46.8	
Massachusetts	3,126,772	12,175,000	6,219,236	1,599,000	1,543,254	847,625	85,973	8,275,171	2,095,585	5,270,376	39,707,992	70,170,864	109,878,856	36.1	
Michigan	3,869,146	12,180,000	6,758,504	1,599,000	973,543	847,026	101,485	30,780,221	1,845,076	7,102,288	44,908,299	43,246,668	88,246,957	50.1	
Minnesota	1,348,167	9,881,500	2,940,667	510,913	735,330	537,174	48,775	3,646,931	1,609,573	2,591,384	28,650,184	36,332,380	64,972,564	44.1	
Mississippi	531,817	7,280,000	7,813,647	648,069	275,541	568,820	133,156	13,285,765	1,362,281	4,258,653	32,982,665	18,388,392	50,546,181	71.5	
Missouri	1,347,584	10,075,000	5,230,489	569,000	373,143	925,251	64,797	7,579,939	1,264,333	5,219,533	36,157,789	18,749,756	80,732,421	40.9	
Montana	318,940	3,230,690	1,409,969	187,763	267,668	164,665	30,317	4,411,217	95,274	1,963,046	9,689,890	16,890,569	26,580,399	36.5	
Nebraska	357,246	670,797	357,148	61,678	24,544	82,462	16,307	1,411,217	95,274	1,963,046	9,689,890	16,890,569	26,580,399	36.5	
Nevada	371,454	1,273,233	527,599	63,263	214,087	119,999	47,817	671,486	264,889	540,191	4,093,978	10,940,318	15,034,296	28.6	
New Hampshire	2,392,186	8,642,800	5,373,306	1,749,100	1,985,643	736,780	84,431	10,617,956	1,180,216	4,717,742	37,480,140	67,074,448	104,550,608	35.9	
New Jersey	290,720	2,871,524	2,271,674	425,782	135,085	334,040	47,916	4,888,797	668,588	2,254,840	16,088,944	8,452,806	22,523,750	42.6	
New Mexico	4,485,125	26,445,308	17,615,129	4,957,500	1,710,244	5,785,609	162,479	53,426,379	4,499,118	6,172,141	128,099,032	136,652,893	264,751,925	48.6	
North Carolina	1,315,723	15,280,000	8,987,532	2,584,000	446,007	1,211,129	179,147	22,512,489	3,440,922	8,960,739	64,917,728	59,483,484	124,401,212	52.2	
North Dakota	175,033	1,578,061	778,447	65,172	78,219	171,510	19,461	877,384	294,826	1,028,315	5,056,428	6,422,044	11,488,472	44.1	
Ohio	4,080,091	19,065,000	8,495,708	3,432,620	1,716,928	1,229,768	80,917	13,916,935	3,141,662	12,308,329	67,465,958	126,607,854	194,067,812	34.8	
Oklahoma	419,368	5,996,552	3,720,984	705,282	169,337	731,069	77,357	5,016,814	1,256,011	5,339,647	23,432,421	27,653,969	51,086,390	45.9	
Oregon	423,870	4,016,672	1,714,763	274,217	209,738	277,067	33,788	2,576,154	647,288	8,577,214	12,750,431	23,114,652	35,865,073	35.6	
Pennsylvania	5,182,181	20,775,000	14,221,253	2,238,000	1,622,034	1,074,767	137,699	11,188,279	2,849,854	10,951,555	70,246,440	114,288,268	184,534,758	38.1	
Puerto Rico	323,831	1,412,000	717,980	130,287	283,519	363,519	73,361	11,982,279	2,849,854	10,951,555	35,638,067	25,290,667	60,928,732	58.5	
Rhode Island	542,963	8,129,924	4,646,135	1,680,000	964,593	152,256	33,203	11,982,279	2,849,854	10,951,555	35,638,067	25,290,667	60,928,732	58.5	
South Carolina	191,370	1,802,000	1,020,263	227,000	320,153	839,524	48,639	15,190,255	233,034	4,953,665	3,801,008	25,611,345	44,031,300	60.6	
South Dakota	1,038,562	10,304,651	7,292,924	1,861,000	363,014	785,641	67,573	9,787,327	2,600,110	1,214,338	5,985,492	8,906,147	14,901,639	40.3	
Tennessee	3,606,508	25,395,000	17,829,921	4,861,000	943,096	1,551,490	166,553	35,146,398	1,537,838	6,934,738	40,802,292	53,491,218	94,294,510	43.2	
Texas	1,372,294	3,336,868	933,235	77,876	225,518	712,509	49,334	11,982,279	2,849,854	10,951,555	35,638,067	25,290,667	60,928,732	58.5	
Utah	192,951	929,119	545,790	27,943	112,509	737,772	43,592	1,586,935	134,559	2,920,917	6,768,827	13,956,374	22,725,201	38.7	
Vermont	948,360	11,510,076	7,340,685	857,176	352,689	737,772	36,038	10,779,838	1,639,562	8,386,704	42,608,556	53,117,110	95,731,666	44.5	
Virginia	311	312,542	138,039	14,501	121,744	13,996	17,000	1,015,067	1,639,562	77,797	4,608,556	2,126,203	6,734,759	47.2	
Virgin Islands	796,171	5,322,471	2,753,103	516,030	36,645	536,356	32,831	2,105,067	834,357	2,872,996	18,246,273	24,555,926	42,802,199	42.6	
Washington	927,443	4,070,000	3,652,379	1,034,700	232,868	356,362	72,405	5,125,371	634,277	2,872,996	18,541,061	17,330,791	35,861,874	51.7	
West Virginia	2,037,443	8,074,529	3,137,034	2,752,924	458,863	728,890	41,729	3,601,764	1,615,589	4,370,391	18,541,061	17,330,791	35,861,874	51.7	
Wisconsin	2,037,443	8,074,529	3,137,034	2,752,924	458,863	728,890	41,729	3,601,764	1,615,589	4,370,391	18,541,061	17,330,791	35,861,874	51.7	
Wyoming	55,523	691,091	293,572	24,081	27,300	51,971	5,100	296,041	126,359	107,116	4,881,789	3,294,457	5,176,245	36.4	
Samoa, American	...	...	...	...	...	...	...	...	...	...	1,650,485	286,469	1,936,954	78.1
Okinawa	...	...	...	...	...	...	...	...	...	...	1,007,331	...	1,007,331	100.0
Trust Territories	2,033,676	...	...	...	...	...	...	...	...	...	5,894,859	...	5,894,859	100.0
UNDISTRIBUTED	61,391,806	411,766,729	255,599,283	60,541,336	27,807,843	33,761,546	3,714,753	468,147,392	64,319,872	251,331,183	1,636,973,748	1,982,495,537	3,619,469,301	45.2	

a/ Includes funding by Special Food Services and Special Section 32.

b/ Transfer from Section 32 for commodity donations to schools.

c/ Includes surplus commodities acquired under price support.

d/ Excludes \$874,034 Nutritional Training and Surveys.

e/ Contributions from the several sources within the States - State and local government contributions, other local contributions, and payments by children.

Commodities Distributed to the Child Nutrition Programs
During Fiscal Years 1973 and 1974

TABLE VI

Program and Commodity	Fiscal Year 1973		Fiscal Year 1974	
	Pounds	Amount	Pounds	Amount
Direct Purchases:				
Section 6				
Applesauce -----	\$ 147,056	\$ 16,441	\$ 1,295	\$ 144
Apricots, Canned -----	70,200	10,403	5,600	830
Beans, Canned Green -----	44,751	5,420	2,584	314
Beef Products -----	233,565	133,851	20,440,240	19,573,572
Chicken, Frozen -----	89,173,930	32,120,450	52,391,493	24,508,742
Corn, Canned -----	14,264,761	1,841,581	35,100	4,532
Frankfurters, Frozen -----	---	---	19,698,995	16,129,533
Fruit Cocktail -----	6,839,446	1,408,925	373,424	76,925
Orange Juice, Frozen -----	16,221,650	4,613,433	6,769,380	1,925,212
Peaches, Canned -----	55,680	8,357	1,226,560	241,630
Peas, Canned -----	1,724,480	241,083	27,360	3,825
Pineapple, Canned -----	26,460,227	3,640,932	4,179,577	705,930
Plums, Canned -----	33,202	3,839	---	---
Pork Products -----	15,516,939	11,093,060	2,212,827	1,896,614
Potatoes, Frozen F.F. -----	24,567,960	3,562,357	3,130,500	603,873
Sweet Potatoes -----	2,277,300	586,188	5,737,495	1,416,169
Tomato Products -----	719,330	102,434	545,253	77,644
Turkeys, Frozen -----	209,303	106,054	497,894	252,283
Total, Section 6 -----	198,559,780	59,494,808	117,275,577	67,417,772
Donated Commodities				
Section 32				
Apples, Fresh -----	33,560	3,027	---	---
Apple Juice -----	33,107	3,446	5,240	545
Applesauce -----	19,670,347	2,458,798	153,371	19,171
Beans, Cd. Green and Dry -----	22,511,582	2,694,832	32,150,523	7,629,663
Beef Products -----	---	---	22,858,479	22,593,318
Corn, Canned -----	5,813	911	53,116	10,268
Cranberries, Fresh -----	51,391	9,559	---	---
Cranberry Sauce -----	---	---	22,310,367	3,569,658
Egg Mix -----	67,269	55,954	516,752	767,066
Fruit Cocktail -----	1,205,918	245,284	1,596,993	324,828
Grape Juice -----	9,534	1,608	97,504	16,450
Grapefruit -----	112	22	29,134,138	3,312,553
Honey -----	23,400	4,914	3,690	775
Lard/Shortening -----	---	---	72	25
Lentils -----	117,096	16,136	234,243	86,600
Meat, Luncheon -----	439,740	249,556	351,722	279,058
Milk, Evaporated -----	127,637	21,480	220,979	52,438
Milk, Whole Dry -----	---	---	563,551	497,165
Nectars, Fruit -----	1,847	184	---	---
Orange Juice, Frozen Cond. -----	5,768,940	1,640,689	57,256,810	16,896,488
Orange Juice, Processed -----	33,160	3,926	2,082,201	249,863
Peaches, Canned -----	37,099,379	6,021,224	444,044	72,069
Peanut Butter -----	18,040,945	6,115,879	24,491,007	9,399,651
Peanut Granulea -----	---	---	485,415	285,328
Pears -----	2,886,180	593,689	15,423,869	3,474,996
Peas, Canned -----	10,104	1,490	---	---
Peas Soup Mix -----	154,875	45,920	19,725	5,849
Peas, Dry, Split -----	973,359	99,088	1,048,422	283,178
Pineapple Juice -----	66,427	5,241	---	---
Plums, Canned -----	---	---	8,180,635	1,519,140
Pork Products -----	6,820,599	4,132,208	9,910	6,127
Potatoes, White Dehydrated -----	1,372,464	292,611	61,778	13,172
Potatoes, French Fried -----	1,793,100	252,646	351,690	49,553
Potatoes, Sweet, Fresh & Cd. -----	48	6	---	---
Poultry, Canned -----	24,119,638	17,417,017	18,954,593	18,747,988
Prunes, Dried & Canned -----	30,612	5,907	28,983	8,857
Raisins -----	155,400	24,600	8,340	1,320
Syrup, Corn -----	48,671	5,841	739,499	117,652
Tomato Products -----	33,132,303	5,226,444	19,753,474	3,527,965
Turkey Products -----	50,302,564	17,956,248	34,379,425	23,910,118
Total, Section 32 -----	227,107,121	65,606,385	293,970,560	117,728,895
Section 416				
Beans, Canned and Dry -----	---	---	---	---
Bulgur -----	1,111,616	99,270	1,332,620	164,711
Butter -----	116,784,866	84,131,815	88,007,849	58,446,011
Cheese -----	590,258	367,374	8,648	8,528
Corn Flour -----	---	---	460,550	18,330
Corn Meal -----	17,648,120	891,235	18,689,678	1,474,614
Farina -----	88,200	13,582	130,158	26,787
Flour -----	279,004,469	21,399,644	315,008,953	36,730,044
Grits, Corn -----	1,318,783	88,095	1,442,908	132,460
Macaroni -----	46,392	6,366	494,785	95,346
Margarine -----	---	---	10,192,950	4,145,472
Milk, Instant Fortified -----	3,844,572	1,723,905	2,837,880	2,011,041
Milk, Nonfat Dry -----	26,320,069	8,364,521	1,747,636	555,400
Oats, Rolled -----	8,419,900	618,028	8,182,040	805,932
Peanut Butter -----	1,222,956	414,582	---	---
Rice -----	34,215,902	4,735,479	36,897,770	9,586,062
Salad Oil -----	25,845,644	5,011,470	23,113,522	7,535,007
Shortening, Vegetable -----	36,255,495	7,095,198	38,333,711	12,109,619
Wheat, Rolled -----	1,683,550	136,029	2,897,116	358,952
Total, Section 416 -----	554,400,882	135,096,593	549,778,774	134,204,316
TOTAL	980,067,783	260,197,786	961,024,911	319,350,983

a/ In addition, \$70,796,798 cash in lieu of commodities.

UNITED STATES DEPARTMENT OF AGRICULTURE
Food and Nutrition Service
Washington, D.C. 20250

TABLE V

NATIONAL SCHOOL LUNCH PROGRAM

Number of Children and Schools Participating (Elementary and Secondary Schools) 1/

FISCAL YEAR 1974

REGION/STATE	U.S. Schools 2/	NSLP Schools	NSLP of U.S. Schools	U.S. Enrollment 2/	NSLP 3/ Participants	NSLP Partic- ipants to U.S. Enrollment	NSLP Enrollment 4/	NSLP Partic- ipants to NSLP Enrollment	NSLP Average Daily Attendance 5/ No. of Children
	Number		%	No. of Children		%	No. of Children	%	No. of Children
NORTHEAST									
Connecticut	1,490	878	58.9	715,549	217,980	30.5	513,761	42.4	470,811
Delaware	264	206	78.0	150,801	81,066	53.8	135,464	59.8	120,388
District of Columbia	283	207	73.1	156,261	70,070	44.8	132,000	53.1	118,312
Maine	1,023	759	74.2	259,490	130,183	50.2	218,657	59.5	204,445
Maryland	1,737	1,405	80.9	1,003,512	383,262	38.2	904,044	42.4	810,052
Massachusetts	3,209	2,545	79.3	1,373,928	729,680	53.1	1,224,983	59.6	1,118,699
New Hampshire	557	368	66.1	209,895	78,440	37.4	167,128	46.9	155,930
New Jersey	3,280	1,801	54.9	1,871,669	503,997	26.9	1,439,784	35.0	1,301,470
New York	6,595	4,820	73.1	4,140,235	1,695,152	40.9	3,511,589	48.3	3,055,082
Pennsylvania	5,931	4,190	70.6	2,803,788	1,158,480	41.3	2,261,951	51.2	2,103,615
Puerto Rico	2,605	2,564	98.4	832,496	484,264	58.2	805,870	60.1	622,132
Rhode Island	497	408	82.1	214,018	81,024	37.9	191,270	42.4	172,147
Vermont	474	368	77.6	118,631	58,514	49.3	99,278	58.9	94,318
Virginia	1,941	1,833	94.4	1,096,439	695,968	63.5	1,069,823	65.1	983,013
Virgin Islands	65	53	81.5	27,391	22,126	80.8	25,659	86.2	24,125
West Virginia	1,404	1,316	93.7	431,747	256,349	59.4	354,077	72.4	318,843
Regional Total	31,355	23,721	75.7	15,405,851	6,646,555	43.1	13,055,338	50.9	11,673,582
SOUTHEAST									
Alabama	1,597	1,354	84.8	839,586	603,795	71.9	791,191	76.3	730,904
Florida	2,382	1,910	80.2	1,709,303	943,540	55.2	1,530,321	61.7	1,412,486
Georgia	1,820	1,815	99.7	1,122,100	908,414	81.0	1,090,900	83.8	990,538
Kentucky	1,647	1,561	94.8	768,656	580,227	75.5	743,908	78.0	693,323
Mississippi	1,081	930	86.0	582,237	444,328	76.3	528,070	84.1	496,896
North Carolina	2,257	2,002	88.7	1,207,329	899,740	74.5	1,166,610	77.1	1,081,362
South Carolina	1,272	1,135	89.2	676,299	471,489	69.7	617,241	76.4	589,948
Tennessee	1,892	1,799	95.1	883,286	608,248	68.9	835,618	72.8	791,356
Regional Total	13,948	12,506	89.7	7,788,796	5,439,781	70.1	7,303,859	74.8	6,786,813
MIDWEST									
Illinois	5,770	4,022	69.7	2,772,438	1,043,068	37.6	2,068,371	50.4	1,866,208
Indiana	2,448	2,251	92.0	1,312,329	783,526	59.7	1,284,398	61.0	1,091,738
Iowa	2,324	2,205	94.9	679,873	474,197	69.7	663,608	71.5	605,161
Kansas	1,855	1,742	93.9	499,165	307,165	61.5	455,390	67.5	441,728
Michigan	4,800	2,976	62.0	2,417,026	759,068	31.4	1,637,942	46.3	1,506,907
Minnesota	2,365	2,164	91.5	977,636	551,066	56.4	878,262	62.8	868,180
Missouri	2,805	2,595	92.5	1,142,342	638,464	55.9	1,078,857	59.2	977,816
Nebraska	2,161	1,190	55.1	372,745	212,739	57.1	340,978	62.4	300,637
Ohio	5,110	4,364	85.4	2,573,471	1,151,411	44.7	2,327,920	49.5	2,167,294
Wisconsin	3,021	2,363	78.2	1,166,391	501,513	43.0	953,212	52.6	892,794
Regional Total	32,659	25,872	79.2	13,913,416	6,422,777	46.2	11,688,938	54.9	10,718,463
WEST-CENTRAL									
Arkansas	1,352	1,312	97.0	469,721	335,710	71.5	465,130	72.2	431,224
Colorado	1,427	1,239	86.8	592,544	274,878	46.4	510,674	53.8	485,270
Louisiana	1,909	1,709	89.5	998,790	757,728	75.9	925,956	81.8	854,936
Montana	929	557	60.0	182,285	76,908	42.2	139,884	55.0	131,299
New Mexico	806	655	81.4	304,719	180,210	59.1	296,973	60.7	261,285
North Dakota	611	503	82.3	155,979	94,973	60.9	151,646	62.6	145,732
Oklahoma	1,916	1,889	99.1	619,113	370,260	59.8	614,500	60.3	573,623
South Dakota	1,011	640	63.3	170,512	118,436	69.5	154,670	76.6	160,697
Texas	5,833	5,240	89.8	2,971,692	1,515,025	51.0	2,687,781	56.4	2,496,999
Utah	588	549	93.4	310,612	195,780	63.0	299,968	65.3	283,470
Wyoming	411	293	71.3	88,300	43,660	49.4	79,089	55.2	72,762
Regional Total	16,793	14,586	86.9	6,864,267	3,963,568	57.7	6,326,271	62.7	5,897,297
WESTERN									
Alaska	419	240	57.3	91,267	34,833	38.2	74,012	47.1	66,103
Arizona	1,007	719	71.4	489,022	244,384	50.0	455,680	53.6	392,241
California	9,745	5,746	59.0	4,907,702	1,363,530	27.8	3,550,653	38.4	3,373,120
Guam	49	46	93.9	32,051	19,504	60.9	31,317	62.3	28,154
Hawaii	303	249	82.2	207,602	151,987	73.2	189,462	80.2	171,375
Idaho	578	508	87.9	193,214	103,843	53.7	179,761	57.8	164,540
Nevada	271	218	80.4	140,295	41,987	29.9	128,203	32.7	118,590
Oregon	1,437	1,186	82.5	497,300	247,080	49.7	455,891	54.2	426,984
Samoa, American	37	36	97.3	9,549	8,559	89.6	8,601	99.5	8,600
Washington	1,890	1,568	83.0	777,520	317,055	40.8	713,149	44.5	671,786
Regional Total	15,736	10,516	66.8	7,345,522	2,532,762	34.8	5,786,731	43.8	5,421,493
GRAND TOTAL	110,491	87,201	78.9	51,317,852	25,025,443	48.8	44,161,137	56.7	40,497,648

1/ Data represent the number of participants in the program during December 1973 and number of schools in April 1974. The number of schools and participants may have been higher in some States during other months, but these were the peak months nationally.

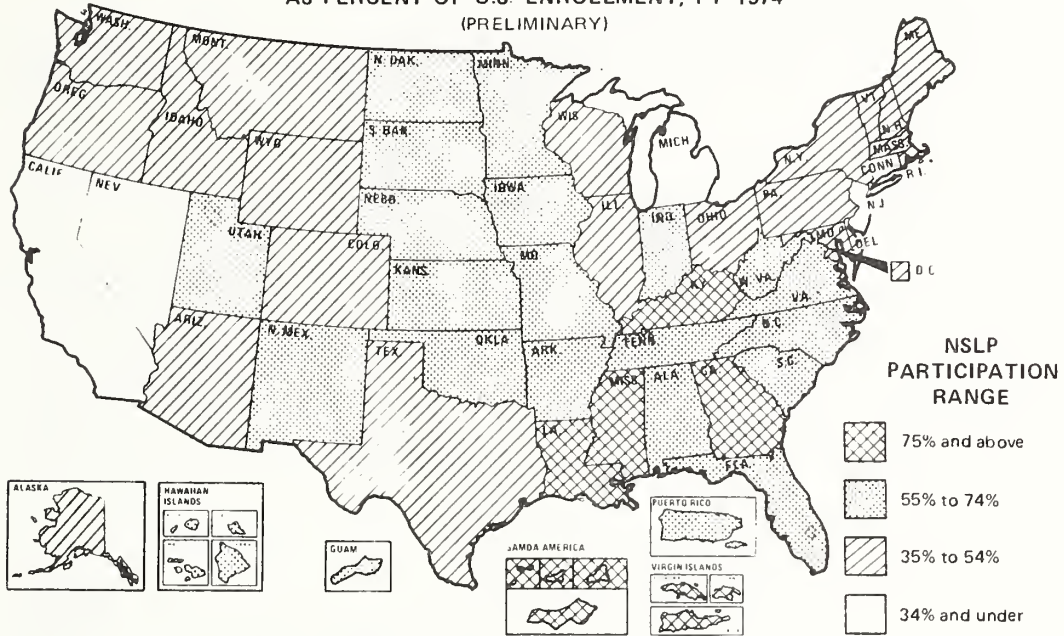
2/ SOURCE: Annual Report of School Food Service, as of October 1973.

3/ Number of participants adjusted to be comparable with enrollment.

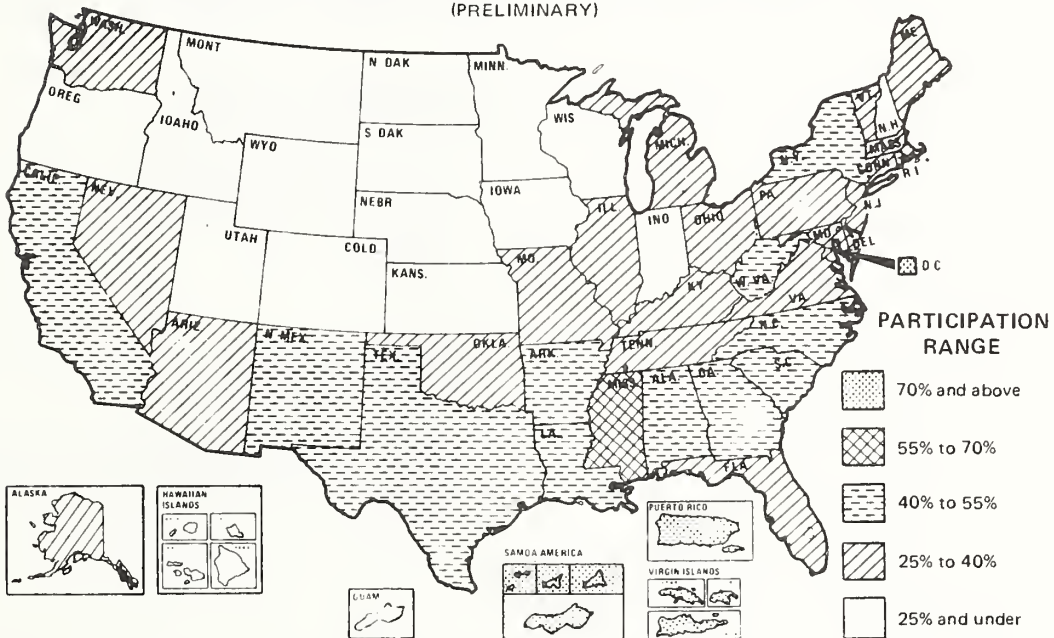
4/ Enrollment computed by taking NSLP Average Daily Attendance and adjusting by attendance rates furnished by States, December, 1973.

5/ December, 1973.

NATIONAL SCHOOL LUNCH PARTICIPATION
AS PERCENT OF U.S. ENROLLMENT, FY 1974
(PRELIMINARY)



FREE AND REDUCED PRICE RECIPIENTS AS A PERCENT OF
PARTICIPATION IN THE NATIONAL SCHOOL LUNCH PROGRAM, FY 1974
(PRELIMINARY)



SCHOOL BREAKFAST PROGRAM

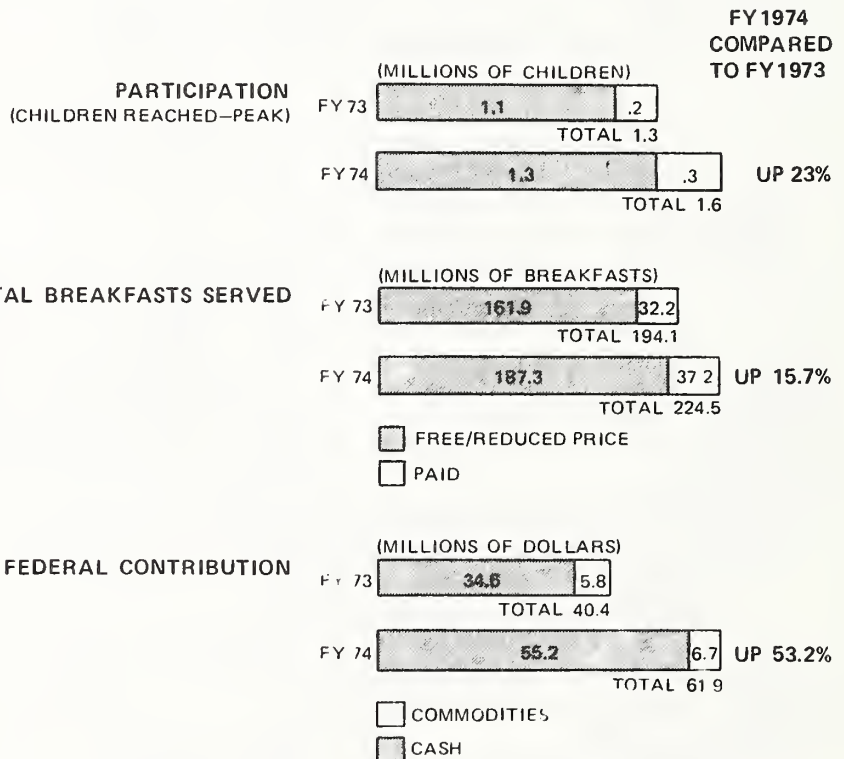
Authorized on a limited basis in 1966, the School Breakfast Program was made available in 1973 to all schools desiring it. The Federal Government provides cash and donated foods to States to assist in providing school breakfast service.

In fiscal year 1974:

- The breakfast program reached 1.6 million children, 23 percent more than the previous year. More than 11,800 schools took part in the program, a gain of 2,000 schools from fiscal year 1973.
- More than 83 percent of the 224.5 million meals served under the program were provided free or at reduced price to needy children.
- Federal contributions totaled \$61.9 million including \$6.7 million worth of donated foods

and \$55.2 million in cash reimbursement. The total was 53.2 percent higher than the previous year.

- The average Federal contribution per breakfast came to 27.6 cents of which 3 cents represented the value of donated foods. The contribution is up 32.7 percent from the previous year—due in part to new legislation increasing the rates of Federal payment and providing for semiannual adjustment of payment rates in line with food price changes.



Special Milk Program

Appropriation Act, 1975	-----	\$120,000,000
Budget Estimate, 1976	-----	-0-
Decrease in Appropriation	-----	-120,000,000

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

	1975	Program Changes	1976 Estimate
Cash payments to States	\$119,068,000	\$-119,068,000	-0-
Operating expenses:			
GSA space rental costs	28,000	- 28,000	-0-
Annualization of pay cost increases effective in FY 1975	27,000	- 27,000	-0-
All other	877,000	- 877,000	-0-
Total	120,000,000	120,000,000	-0-

PROJECT STATEMENT
(On basis of appropriation)

Project	1974	1975 (estimated)	Inc. or Dec. : Program Changes	1976 (estimated)
1. Cash payments to States	\$96,327,000	\$119,068,000	:-119,068,000 (1)	-0-
2. Operating expenses	796,000	932,000	:- 932,000 (2)	-0-
Total, appropriation	97,123,000	120,000,000	:-120,000,000	-0-

PROJECT STATEMENT
(On basis of available funds)

Project	1974	1975 (estimated)	Inc. or Dec.	1976 (estimated)
1. Cash payments to States	\$61,391,806	\$119,068,000	:-119,068,000	-0-
2. Operating expenses	745,298	932,000	- 932,000	-0-
Total obligations	62,137,104	120,000,000	:-120,000,000	-0-
Unobligated balance:				
Available, start of year	-2,033,009	-0-	-0-	-0-
Available, end of year	-0-	-0-	-0-	-0-
Unobligated balance lapsing	37,018,905	-0-	-0-	-0-
Total, appropriation	97,123,000	120,000,000	:-120,000,000	-0-

EXPLANATION OF PROGRAM

The Special Milk Program was originally designed to encourage the consumption of fluid whole milk by children in nonprofit schools of high school grade and under, child-care centers, summer camps, and similar institutions to help dispose of the surplus of milk available at that time.

Funds are provided to State agencies to reimburse eligible participating institutions for a part of the cost of fluid milk consumed. In especially needy schools, reimbursement may be made for the full cost of milk served to children unable to pay. The eligibility guidelines for free milk are the same as set forth by the Secretary for free lunches.

Public Law 93-347, enacted July 12, 1974, set the reimbursement rate for each half-pint served to children at not less than five cents, to be adjusted each fiscal year to reflect changes in the Consumer Price Index for the cost of food away from home. State agencies pay claims by institutions from funds made available to them under letters of credit at Federal Reserve Banks.

INCREASES AND DECREASES

- (1) A decrease of \$119,068,000 in cash payments to States. (Reduction to zero appropriation).
- (2) A decrease of \$932,000 in operating expenses. (Reduction to zero appropriation).

Need for Decrease:

The expansion of the child nutrition programs as a result of legislation enacted since 1970 means that school lunches including milk are available to 87 percent of the nation's school children. Needy children are able to purchase these meals at a reduced price or no cost at all. The availability of this milk and the milk consumption effected by the food stamp program should substantially offset any decline in milk consumption upon termination of the special milk program.

STATUS OF PROGRAM

Current activities

The special milk program seeks to encourage the consumption of fluid milk by children. All nonprofit primary and secondary schools, nonprofit summer camps for children, and nonprofit child-care institutions are eligible to participate. From its inception in fiscal year 1955 through fiscal year 1962, the program was financed through advances from Commodity Credit Corporation funds. The Agricultural Act of 1961 (P.L. 87-128), authorized an appropriation for the program and extended it through June 30, 1967. The Child Nutrition Act of 1966 incorporated the special milk program and extended it through fiscal year 1970. Public Law 91-295 authorized appropriation authority not to exceed \$120 million for fiscal year 1970 and each succeeding fiscal year. Public Law 93-150, enacted November 1973, required that the program be made available to all nonprofit schools and child-care institutions requesting it, and further provided that all children who qualify for free lunches would be eligible for free milk under the special milk program.

Public Law 93-347, enacted July 1974, established five cents as the minimum rate of reimbursement per half-pint of milk served with the rate to be adjusted annually to reflect changes in the series of food away from home of the Consumer Price Index. Previously, milk was reimbursed at rates of two, three or four cents per half-pint. The rate for an individual school or institution was determined by whether it sold milk as a separate item and whether it participated in the National School Lunch Program.

Operation of the program

Program funds are advanced to State agencies for use in reimbursing eligible institutions for milk served. These funds help inaugurate a milk service or expand existing service through reducing prices, making free milk available to needy children, and establishing new times of service. All milk served in participating institutions, except for that served as the first half-pint of a National School Lunch Program or School Breakfast Program meal, is reimbursed at five cents. In addition, schools may recover the full cost of milk served free to needy children.

Procedures and administration

In general, procedures established for this program are designed to encourage consumption of milk by making it available to children at reduced prices. Through fiscal year 1974, schools were permitted to use up to one cent of the Federal reimbursement per half-pint or one and one-half cents where justified, to pay the cost of distributing the milk within the school. In an effort to ease administrative burdens on schools, limit on the amount of reimbursement for within school distribution costs has been eliminated. Instead, it is assumed that the nonprofit nature of the program will ensure that the Federal reimbursement is used to lower the price charged to children for milk.

To the greatest extent possible, State agencies are encouraged to administer the program. The Food and Nutrition Service administers the program directly for private schools where the State agency is prohibited by law from disbursing funds to such participants, and in other outlets where no State agency has assumed the responsibility for administration.

Funds are made available to State agencies through a Letter of Credit procedure. This procedure, established in 1965, permits State agencies to obtain funds to pay claims on hand by filing appropriate documents, through normal banking channels, with the Federal Reserve Banks. This assures that funds will be available to the States for prompt payment of claims, and insures that Federal funds will be withdrawn from the Treasury only as needed by the States for payment of claims. No Federal funds are specifically appropriated for administrative expenses for State agencies.

Number of Participating Outlets, Half-pints Reimbursed
and Obligations by State

TABLE I

Fiscal Years 1973 and 1974

STATE	No. of Outlets Participating		Est. No. 1/2 Pints Milk Reimb. (Mil.)		Obligations (Thousands)	
	1973	1974	1973	1974	1973	1974
Alabama	1,428	1,342	35.6	15.6	1,410	728
Alaska	124	52	1.3	.3	33	12
Arizona	771	438	14.5	4.7	516	171
Arkansas	1,357	1,337	23.6	11.5	946	439
California	8,466	8,041	199.6	117.4	6,914	3,612
Colorado	1,367	1,292	22.9	11.6	916	468
Connecticut	1,465	1,386	55.7	37.6	1,849	1,158
Delaware	246	253	8.5	4.8	294	167
District of Columbia	289	268	10.5	4.3	370	156
Florida	1,887	1,445	48.2	20.3	1,634	468
Georgia	1,888	1,890	42.8	25.2	1,571	936
Hawaii	271	254	2.0	.9	72	33
Idaho	576	534	5.0	3.8	182	111
Illinois	5,364	5,459	179.9	129.7	6,236	5,446
Indiana	2,689	2,303	77.2	40.6	3,021	1,530
Iowa	2,355	2,306	38.9	21.6	1,475	811
Kansas	1,949	1,943	24.6	18.4	893	651
Kentucky	1,634	1,662	44.5	25.3	1,818	942
Louisiana	1,260	1,019	19.0	6.5	784	207
Maine	907	893	14.1	9.2	537	346
Maryland	1,673	1,681	74.0	35.3	2,764	1,316
Massachusetts	2,990	2,938	90.6	57.5	3,123	2,127
Michigan	3,719	3,528	142.9	91.0	5,396	3,869
Minnesota	2,451	2,421	70.4	36.6	2,761	1,348
Mississippi	1,004	857	30.6	14.1	1,043	552
Missouri	2,826	2,760	57.3	30.4	2,247	1,348
Montana	486	498	6.0	3.0	215	97
Nebraska	1,344	1,323	16.7	8.5	627	319
Nevada	227	235	5.1	2.7	188	57
New Hampshire	565	557	13.1	11.3	633	371
New Jersey	2,897	2,923	98.1	74.0	3,642	2,392
New Mexico	670	537	19.9	11.6	611	291
New York	6,592	5,117	210.7	120.6	8,040	4,485
North Carolina	2,154	2,093	74.9	38.3	2,516	1,316
North Dakota	538	495	27.5	4.6	352	175
Ohio	5,094	5,148	164.1	107.2	6,989	4,080
Oklahoma	1,922	1,910	24.9	14.6	902	419
Oregon	1,365	1,359	17.2	12.2	549	423
Pennsylvania	4,597	3,781	115.8	100.7	5,099	5,182
Rhode Island	487	492	15.0	8.4	560	324
South Carolina	1,166	1,143	30.0	13.9	1,131	543
South Dakota	673	678	8.9	6.0	334	191
Tennessee	1,890	1,874	47.2	27.0	1,766	1,039
Texas	4,906	3,974	96.0	39.8	3,551	3,607
Utah	553	565	7.6	3.8	285	137
Vermont	476	473	7.7	5.4	289	193
Virginia	1,918	1,867	48.6	25.7	1,892	948
Washington	1,774	1,413	36.7	23.2	1,335	796
West Virginia	1,288	932	40.9	5.6	921	927
Wisconsin	3,140	3,069	91.1	55.7	3,491	2,038
Wyoming	275	280	2.8	1.4	110	56
Subtotal	97,953	91,038	2,560.7	1,499.4	94,833	59,357
Adjustment	---	---	---	---	+608	+2,034
TOTAL	97,953	91,038	2,560.7	1,499.4	95,441	61,392

Program Statistics by Fiscal Years

	Number of Outlets Participating	Half-pints Reimbursed (Millions)	Total Reimbursement Payments
1955	41,094	449.8	\$ 17,220,281
1956	62,266	1,394.2	45,842,194
1957	71,239	1,752.7	60,411,200
1958	76,478	1,918.2	66,290,970
1959	81,587	2,176.2	74,223,939
1960	83,922	2,384.7	80,277,086
1961	86,494	2,476.7	84,008,164
1962	88,188	2,631.0	88,713,265
1963	90,486	2,765.6	93,347,465
1964	91,890	2,929.0	99,156,543
1965	92,005	2,966.8	97,268,651
1966	97,437	3,059.1	96,025,736
1967	95,139	3,027.2	98,751,469
1968	94,422	3,035.7	101,856,664
1969	98,382	2,944.4	101,886,266
1970	97,234	2,901.9	101,497,991
1971	97,584	2,570.0	90,927,889
1972	94,016	2,498.2	90,194,126
1973	97,953	2,563.0	95,441,446
1974	91,038	1,499.4	59,358,130
1975 (estimate)	93,000	1,920.5	119,068,000

During the 1974 fiscal year, 84,932 schools and 6,106 child-care institutions in the 50 States and the District of Columbia served an estimated 1,499 million half-pints of milk.

Number of Half-Pints of Milk Reimbursed
(in thousands)

	Fiscal Year 1973	Fiscal Year 1974
July	29,883	23,242
August	31,141	21,298
September	290,394	27,513
October	305,340	34,645
November	270,142	157,629
December	119,118	141,594
January	280,776	213,913
February	256,566	193,318
March	287,462	211,252
April	233,165	189,258
May	282,523	209,553
June	94,201	76,154
Total	2,560,711	1,499,369

Food Stamp Program

Appropriation Act 1975 -----	\$3,989,785,000
Budget Estimate, 1976 -----	a/ 3,453,000,000
Decrease in Appropriation -----	-536,785,000

SUMMARY OF INCREASES AND DECREASES
(on basis of adjusted appropriation)

	1975	Increase or Decrease	1976 Estimate
Bonus costs -----	\$3,785,255,000	\$-594,365,000	a/ \$3,190,890,000
Other program costs -----	165,000,000	+ 47,001,000	212,001,000
Operating expenses:			
GSA space rental cost -----	1,483,000	+ 814,000	2,297,000
Annualization of pay cost increase effective in FY 1975	1,082,000	+ 633,000	1,715,000
All other:			
Salaries and benefits -----	24,889,000	+ 3,658,000	28,547,000
Travel -----	2,441,000	+ 1,309,000	3,750,000
Mail and telecommunications--	1,388,000	+ 365,000	1,753,000
Surveys and evaluations -----	932,000	- 40,000	892,000
ADP contractual services -----	1,706,000	+ 464,000	2,170,000
Printing, other services, 1/ supplies and equipment -----	2,661,000	+ 230,000	2,891,000
Less carryover -----	-2,297,000	+ 2,297,000	---
Total, all other -----	31,720,000	+ 8,283,000	40,003,000
Total, operating expenses--	34,285,000	+ 9,730,000	44,015,000
Transfer to Office of Inspector General for audit and investigations -----	5,245,000	+ 849,000	a/ 6,094,000
Total available -----	3,989,785,000	-536,785,000	a/ 3,453,000,000

1/ Other services includes central payroll and voucher processing, health units, rental of word processing equipment and photocopiers, employee training, EEO complaint hearings, arts and graphics, exhibit services and the like.

PROJECT STATEMENT
(on basis of adjusted appropriation)

Project	1974	1975 (estimated)	Increase or Decrease	1976 (estimated)
Bonus costs -----	\$2,858,471,000	\$3,785,255,000	\$-594,365,000	\$3,190,890,000
Other program costs -----	108,500,000	165,000,000	+ 47,001,000	212,001,000
Operating expenses -----	28,396,050	34,285,000	+ 9,730,000	44,015,000
Transfer to Office of Inspector General -----	4,534,000	5,245,000	+ 849,000	6,094,000
Total available or estimate -----	2,999,901,050	3,989,785,000	-536,785,000	3,453,000,000
Transfer to GSA -----	+98,950	---	---	---
Total, appropriation -----	3,000,000,000	3,989,785,000		

PROJECT STATEMENT
(on basis of available funds)

Project	1974	1975 (estimated)	Increase or Decrease	1976 (estimated)
Bonus costs -----	\$2,728,196,270	\$3,501,420,000	\$+101,504,786(1)	\$3,602,924,786a/
Other program costs -----	108,500,000	165,000,000	+ 47,001,000(2)	212,001,000
Operating expenses -----	28,173,994	36,582,000	+ 7,433,000(3)	44,015,000
Total obligations -----	2,864,870,264	3,703,002,000	+155,938,786	3,858,940,786a/
Unobligated balance:				
Available, start of year -----	---	-130,496,786	-281,538,000	-412,034,786
Available, end of year -----	130,496,786	412,034,786	-412,034,786	---
Transfer to Office of Inspector General -----	4,534,000	5,245,000	+ 849,000(4)	6,094,000
Transfer to GSA -----	98,950	---	---	---
Total, appropriation -----	3,000,000,000	3,989,785,000	-536,785,000	3,453,000,000a/

The President's proposal to limit cost increases based on the CPI to 5 percent would reduce the funds necessary by an estimated \$217,300,000.

EXPLANATION OF PROGRAM

The Food Stamp Program helps persons and families with low incomes to obtain a nutritionally adequate diet through regular retail channels. Participants purchase more and better food with stamps they receive than they could by using their own resources. The value of the food stamps exceeds that of the cash paid by participants by an amount needed to make up the difference between what a household should spend on food (based on the Agriculture Research Service's Economy Food Plan) and what it is able to spend, considering its other expenses, income and financial resources. Food stamps are made available so that no household need spend more than 30 percent of its net food stamp income, after adjustments, on food to maintain an adequate diet.

Bonus food stamps are the difference between the cash payment of participants and the face value of the stamps received. Very low or no-income households receive free food stamps. The free and bonus food stamps are financed completely by Federal funds and represent that portion of a family's food budget sustained by the Food Stamp Program. Food Stamp projects have now been established in nearly every county in the Country including Puerto Rico. State social service agencies assume responsibility for certifying eligible households and for issuing the stamps through suitable outlets. The Federal Government reimburses 50 percent of these and other State administrative costs. The Food and Nutrition Service determines various household stamp allotments and purchase requirements. Semi-annual adjustments are made to reflect changes in the cost of living.

Authorized grocery stores accept the stamps as payment for food purchases, and forward them to commercial banks for cash or credit at full face value. The stamps flow upward through the banking system to a Federal Reserve Bank for redemption out of a special account maintained by the U.S. Treasury Department. This special account is constituted of, and replenished by, cash paid by participants for food stamps and the Federal contribution covering the cost of bonus and free food stamps.

In addition to Federal operating expenses, other program costs borne by the Federal Government include:

- (a) the printing and transporting of coupons to authorized State agencies;
- (b) destruction of redeemed coupons by Federal Reserve Banks;
- (c) fifty percent of all the State welfare agencies' administrative expenses in relation to the program.
- (d) a portion of the cost of employment registration and counseling carried out by State employment offices and the Department of Labor.

JUSTIFICATION OF INCREASES

(1) A net increase of \$101,504,786 for the Food Stamp Program consisting of:

(a) A decrease of \$750,000,000 for program costs.

(i) A decrease of \$650,000,000 in bonus cost was proposed in the budget.

This decrease was based on a proposed revision of purchase requirements of food stamp recipients. They would have paid a standard 30 percent of net income for their food stamp allotment with few exceptions, rather than pay a variable rate as in the past. Those with very low or zero incomes after allowance for income deductions, however, would have continued receiving stamps at no cost.

However, the Congress enacted legislation (H.R. 1589) on February 5, 1975, freezing food stamp purchase requirements. The effect of this action will be the elimination of this decrease. The Senate passed Senate Resolution 58 which requires the Department to study other alternatives for this program and report to the Congress by June 30, 1975. At that time, a more accurate estimate of the program should be available.

- (ii) The decrease of \$100,000,000 in bonus costs is the result of improved program administration at the State and local level.

The intensified quality control effort will restrain continued participation in the program by ineligible households and ensure households are receiving the correct amount of benefits. The quality control program is currently operating effectively in almost all States for their nonpublic assistance households. Through quality control, areas creating overissuances and ineligible participation can be identified and corrective action taken to eliminate these errors. In addition, food stamp errors will be reduced as a consequence of HEW's quality control efforts on the public assistance caseload. Since the public assistance determination is accepted in lieu of a separate food stamp eligibility test, a decline in the number of ineligibles and overpayments in the AFDC caseload will result in fewer such food stamp errors.

One of the areas contributing to high quality control error rates at the present time is failure to properly apply the work registration requirement. Corrective action is now being taken to ensure that all persons who are required to register with Employment Services for work do so. In addition, in cooperation with the Department of Labor, an experimental project is underway to improve local procedures in order to maximize exposure to employment opportunities. Increased job placement will result in moving households off the food stamp rolls through increased income or reducing their coupon bonus as a result of their higher incomes.

The Department also has taken steps to eliminate an area of program abuse by declaring ineligible students, 18 years of age or over, who are tax dependents of ineligible households. The elimination of non-needy students implements the provisions of the 1975 Agriculture appropriations bill. Participation by college students will now be limited to only those in genuine need and not those who are still dependent for at least half their support on families ineligible for food stamps.

- (b) An increase of \$853,504,786 for program cost as follows:

- (i) An increase of \$102,504,786 to provide for the cost of annualizing fiscal year 1975 yearend participation.
- (ii) An increase of \$114,000,000 to provide for annualized cost of the allotment increase from \$150 to \$154, effective January 1, 1975. This allotment increase was based on the August 1974 cost of the Economy Diet.
- (iii) An increase of \$635,000,000 to provide for full year higher bonus cost made necessary by the two cost-of-living adjustments in the coupon allotment anticipated in 1976. It is projected that the allotment for a family of four will increase from \$154 to \$164, effective July 1, 1975 and from \$164 to \$174, effective January 1, 1976. If the 5 percent limit on increases as requested by the President is approved by the Congress, the 1976 estimate will be reduced by \$217,300,000.

- (2) An increase of \$47,001,000 for other program costs as follows:

- (i) An increase of \$38,000,000 to provide for the cost of Federal reimbursement of 50 percent of all State administrative expenses in relation to the program. In accordance with P.L. 93-347, the cost of (a) the certification of nonpublic assistance households, (b) the acceptance, storage and protection of coupons after delivery to receiving points within the States, (c) the issuance of coupons to

eligible households, (d) outreach and fair hearings, and (e) the control and accounting of coupons will be Federally reimbursed at a rate of 50 percent.

- (ii) An increase of \$9,001,000 to provide for the increased cost of such nonbonus items as: printing, shipping and processing of coupons and employment registration.

- (3) An increase of \$7,433,000 for Federal operating expenses consisting of:

- (a) An increase of \$633,000 for annualization of pay increases effective in FY 1975.

- (b) An increase of \$814,000 for space rental costs pursuant to P.L. 92-313.
Under current procedure, the Agency is required to budget for the cost of agency occupied GSA controlled space. The 1975 Appropriation Act limited the Department to paying 90 percent of the standard level user charge used in the computing of the 1975 request. For FY 1976, the budget reflects 100 percent funding for the estimated billings provided by the General Services Administration.

- (c) An increase of \$2,349,000 to annualize year-end costs of program expansion.

Need for Increase:

At the beginning of FY 1975, the Food Stamp Program was in operation in 2,818 project areas. By year-end FY 1975, the program will have been extended to 3,200 project areas including the Virgin Islands, Puerto Rico and Guam. To annualize the cost of administering this nationwide program in FY 1976 \$2,349,000 will be needed. Of this amount \$1,351,000 and 59 man-years will be required to annualize June 30, 1975 employment, \$587,000 to finance earned within grade and merit promotions, \$269,000 for the increased costs of necessary services and \$142,000 for one extra day in FY 1976.

Plan of Work:

The amount requested will provide for the maintenance of staffing and services at the June 30, 1975 level.

- (d) An increase of \$137,000 for food stamp accountability requirements.

Need for Increase:

The accountability requirements of this rapidly growing program have consistently out-paced the expansion of the professional staff who handle this vital function. It is imperative that this staff be manned at an optimum level in order that the integrity of the program be maintained. \$137,000 will be required for an additional six man-years of work associated with the accountability requirements of the nationwide program.

Plan of Work:

Food stamp accountability involves the reconciliation of the cash receipts from the sale of food stamps with reported totals in the food stamp inventory reports. When amounts differ the accountants must investigate the cause and effect reconciliation.

- (e) An increase of \$2,597,000 for program administration at the State and local level.

Need for Increase:

The Food and Nutrition Service objective in FY 1975 is the full implementation of a food stamp program quality control system in every State, the District of Columbia, Puerto Rico, Guam, and the Virgin Islands. A logical extension of this objective for FY 1976 is to fully utilize the information provided by the quality control system to improve food stamp program design and to reduce certification and purchase requirement error rates. The quality control system will define in more concrete terms the areas of difficulty that should be addressed by FNS management. Cost avoidance from this objective is estimated at \$100 million, at an additional cost of \$2,597,000 administrative expense and an additional 120 man-years of effort.

Plan of Work:

FNS will increase the frequency of administrative reviews to provide annual coverage of all program operations, intensify the quality control programs, train and assist the States to make more effective State audits and reviews, and utilize existing authority to recover from the States erroneous payments and to withhold administrative funds from negligent States.

Specifically, at the Regional Office level 95 additional man-years will be required. These personnel will train State personnel in quality control review procedures and conduct all quality control and administrative analyses. They will also assist the States in developing corrective action plans based on the administrative deficiencies found through these analyses as well as from audits and other information. Then in order to monitor the effectiveness of the implementation of the corrective action plans, the staff will analyze State reports and conduct on-site reviews. If program losses are uncovered, efforts to secure immediate corrective action will be taken. The additional staff will also provide the State agency with technical assistance in the revision of State procedures manuals, forms evaluation, training and verification techniques. They will make recommendations to Washington regarding the effectiveness and efficiency of State operations relating to the withholding of claims for reimbursement.

In Washington an additional 25 man-years will be required. These personnel will develop, test and implement the Agency instruction for administrative analyses, implement the quality control system with instructions, training guides and the like, analyze all statistical reports, develop annual State profiles, make annual assessments of each Region's quality control operation and train all Regional quality control and administrative analysis staffs. They will also evaluate quality control and administrative analyses, audits and other reports to develop more effective procedures. When needed they will provide assistance to the Regional Offices in securing State compliance with Federal regulations. In addition they will evaluate the Regional Office recommendations regarding the withholding of funds when a State fails to operate an efficient and effective program.

- (f) An increase of \$903,000 for the administration of the 50 percent matching provision of PL 93-347.

Need for Increase.

Public Law 93-347 authorized the payment to each State agency of 50 percent of all administrative costs. Among these costs are (1) the certification of nonpublic assistance households, (2) the acceptance, storage and protection of coupons, (3) the issuance of coupons to eligible households, (4) outreach and fair hearings, and (5) the control and accounting of coupons. It is estimated that payments to the States for these activities in FY 1976 will total \$146 million. To conduct the administrative reviews and audits which will assure the effective administration of a program of this scope, an additional 36 man-years and \$903,000 will be required.

Plan of Work:

The States are required to submit annual budgets for their Food Stamp operations including applicable indirect costs. Food and Nutrition Service will review these budgets. When the budgets are approved payments will then be made to the States through the U.S. Treasury Regional Disbursing Offices under the letter of credit system.

The Regional Offices will require additional staffing of 25. They will act as liaison with U.S. Treasury Regional Disbursing Offices regarding administrative problems in the State's request for payment under the letter of credit system. They will also be responsible for negotiating Food Stamp amendments to the cost allocation plans with the States, for reviewing State claims and for recommending approval or disapproval of the claims resulting from audits, investigations, quality control reviews and other corrective action reports. In addition, in coordination with the Social Rehabilitation Service, they will conduct annual financial reviews in each State.

An additional staff of 13 will be needed in Washington. The personnel will coordinate policies and procedures with Social Rehabilitation Service and develop directives, as needed. They will also analyze financial management reports to evaluate the relationship between the level of program financing and the quality of program performance. In addition they will assist the Regional Offices in negotiations with State agencies and SRS on claims and annual financial reviews, and develop and coordinate special studies to determine that the States are making the most effective and efficient use of funds.

- (4) An increase of \$849,000 transferred to the Office of the Inspector General. These funds are used for audits and investigations of the food stamp program. A detailed explanation of the proposed use of these funds is in Volume 1, pages 44 and 45 of these notes in addition to \$85,000 for annualization of pay costs effective in 1975.

TRANSITION BUDGET

Food Stamp Program

1. Food Stamp Program Costs -----	\$1,027,936,000
2. Federal Operating Expenses -----	11,181,000
Total -----	\$1,039,117,000

JUSTIFICATION OF TRANSITION BUDGET ESTIMATE

1. The amount requested for Food Stamp Program Costs will cover the cost of bonus stamps based on estimated fiscal year 1976 year-end participation. Federal reimbursement of 50% of all State and local expenses incurred in carrying out the program will also be covered. This amount will also cover the cost of printing and production, shipment and processing of coupons and employment registration.
2. The amount requested for Federal operating expenses is enough to finance salaries and other expenses for the 66 working days in the transition period.

FOOD AND NUTRITION SERVICE
FOOD STAMP PROGRAM
Summary of Costs
(Program level obligations)
(Dollars in thousands)

<u>Cost</u>	<u>FY</u> <u>1974</u>	<u>FY</u> <u>1975</u>	<u>FY</u> <u>1976</u>
Bonus:	\$2,728,196	\$3,501,420	\$3,602,924
:	:	:	:
Other Program Costs:	:	:	:
State Matching Fund	63,000	108,000	146,000
Printing and Production ...:	23,900	26,000	30,001
Shipment of Coupons	2,300	6,000	7,000
Processing of Coupons	1,900	6,000	7,000
Employment Registration ...:	17,400	19,000	22,000
:	:	:	:
Subtotal	108,500	165,000	212,001
:	:	:	:
Administrative, FNS	28,174	36,582	44,015
:	:	:	:
Total	\$2,864,870	\$3,703,002	\$3,858,940

Explanation of Increases in Obligations for
Other Program Costs, FY 1975 and 1976

Program costs include Bonus costs, that part of the redemption value of the stamps financed by the Federal government and Other Program Costs which are payments to nonfederal public and private agencies for administering the program, the cost of printing the stamps and related program documents, and other similar costs incident to the program.

The increases in obligations for Other Program Costs, FY 1975 are as follows:

State Matching Fund - The increase of \$45,000 is the result of P.L. 93-347, which provides that all State administrative costs including certification be Federally reimbursed by 50 percent. Previously, only those State costs incurred in the certification of nonpublic assistance households, fair hearings and outreach activities, were reimbursed at a rate of 62-1/2 percent by the Federal government.

Printing and Production - The increase of \$2,100 for printing costs will cover the cost of printing coupons for an additional 2.3 million participants. Also, this amount will help to cover the cost of printing new coupon books.

Shipment of Coupons - Cost of armored carriers has increased significantly and the amount of coupons being shipped will increase as a result of increased participation. The increase of \$3,700 will help to cover these costs.

Processing of Coupons (Federal Reserve Banks) - The increase of \$4,100 will be needed to cover the full cost of processing the food stamp coupons by the Federal Reserve Banks. In prior fiscal years, Federal Reserve Banks did not charge the Food Stamp Program of all costs associated with the handling of the coupons.

Employment Registration - Able-bodied adults are required to register for and accept suitable employment as a condition of program eligibility. The increase of \$1,600 for employment registration will help to cover the cost of annualizing participation for the new 382 project areas in 1975.

The increases in obligations for Other Program Costs, FY 1976 are as follows:

State Matching Fund - The increase of \$38,000 is the result of the mandate that all State administrative costs be Federally reimbursed by 50 percent, as provided in P.L. 93-347, and the annualized cost of year-end FY 1975 participation.

Printing and Production - The increase of \$4,001 for printing will help to cover the cost of printing new coupon books. Also, the Bureau of Engraving and Printing will **be subcontracting a significant portion** of the printing to the private sector.

Shipment of Coupons - The \$1,000 increase in shipment of coupons will help cover the increased cost of armored carriers.

Processing of Coupons (Federal Reserve Banks) - The increase of \$1,000 will be needed to cover the full cost of processing the food stamp coupons by the Federal Reserve Banks. In past fiscal years, only a portion of the actual cost was charged to the Food Stamp Program.

Employment Registration - The increase of \$3,000 will cover the cost of annualizing FY 1976 participation associated with 3,200 project areas.

STATUS OF PROGRAM

The Food Stamp Program was marked by a continuing sharp increase in program activity and workload in fiscal year 1974. The increased activity and workload resulted from:

- The larger ongoing workload associated with 2,228 operating areas as fiscal year 1974 began, with the mandated nationwide expansion to 2,818 areas in 49 States and the District of Columbia by the end of fiscal year 1974. Participation totaled 13.5 million compared to 12.1 million at the end of fiscal year 1973.
- Issuance of emergency food stamps to victims of disasters.
- Preparation of new Food Stamp regulations providing for substantial changes in the program pursuant to the 1973 amendments to the Food Stamp Act (P.L. 93-86).
- Lawsuits filed against the Department of Agriculture, alleging that the Department misinterpreted the intent of Congress in promulgating various provisions of the Food Stamp regulations.

Legislative Action

Public Law 93-86 enacted on August 10, 1973, contained the following major changes and greatly expanded the scope of the program:

- The authorization of appropriations for the operation of the Food Stamp Program contained in the Food Stamp Act of 1964, as amended, expired at the end of fiscal year 1973. The program was continued under continuing resolution, H.J. Res. 636, until authority to appropriate sums through June 30, 1977 was enacted on August 10, 1973 (P.L. 93-86).
- Mandatory nationwide Food Stamp Program.
- Semi-annual adjustment in the coupon allotment.
- Minimum semi-monthly coupon issuance.
- Use of coupons to purchase certain hunting and fishing equipment by people in remote areas of Alaska.
- Use of coupons by elderly for communally served meals.
- Use of coupons by drug addicts and alcoholics in rehabilitation programs to purchase meals.
- Use of coupons to purchase imported foods and to purchase plants and seeds for use in gardens for the personal consumption of eligible households.
- Participation in the program by residents of certain federally subsidized housing projects.
- Federal reimbursement of 50% of all State administrative expenses in relation to the program as provided in P.L. 93-347.
- Mandatory public assistance withholding of food stamp purchase costs for households receiving aid to families with dependent children.
- Issuance of coupons in the case of mechanical disaster.
- Participation of certain Supplemental Security Income recipients in the Food Stamp Program. Public Law 93-233 enacted on December 31, 1973, postponed the requirements of P.L. 93-86 until July 1, 1974. In the interim, Supplemental Security Income recipients were eligible for food stamps in all but five States -- California, Massachusetts, Nevada (applied only to the aged and blind),

New York, and Wisconsin -- which elected to cash out the food stamp bonus under P.L. 92-603.

Increased Geographic Coverage

Substantial success was achieved in meeting the congressional mandate for a nation-wide Food Stamp Program by July 1, 1974, in all but five counties -- Butler County, Alabama; Montgomery County, Indiana; Choctaw County, Mississippi; Beaver County, Oklahoma; and Madison County, Montana -- as opposed to 410 counties without a food assistance program in fiscal year 1970.

Two new States -- Delaware and Nevada -- entered the program for the first time in fiscal year 1974; and New Hampshire was scheduled to begin the program early in fiscal year 1975.

As of June 30, 1974, there were 2,818 areas operating in 49 States and the District of Columbia. This total includes 590 new areas which entered the program.

Extensive negotiations were completed with Puerto Rico, the Virgin Islands, and Guam, which were scheduled to enter the program in fiscal year 1975. The negotiations included the development and approval of a Plan of Operation for each territory. These negotiations also involved a detailed agreement as to how each territory would carry out its responsibility for the certification of applicant households, the sale and issuance of food coupons, and other related functions. FNS personnel also provided technical assistance in the development of systems and facilities for the sale of coupons to recipients, and in the preparation of program educational and informational materials for recipients and the community in general. Further, an extensive effort was made in fiscal year 1974 to educate retailers, wholesalers, and bankers in the three territories preparatory to the opening of the program.

Reorganization of Field Offices

Since the establishment of an intermediate supervisory level of District Managers and the consolidation of a number of Field offices, emphasis has been placed on improvement in supervision and evaluation of Officers-in-Charge. Several in-depth training courses were conducted in Washington and the Regions for all field supervisors. During fiscal year 1974, as a result of significant expansion of the Food Stamp Program, changes were made by establishing several additional Field offices plus approving additional staff for existing Field offices. Also, evaluations made by the Regions, after three years' operation under the original plan of reorganization, resulted in a realignment of Field offices to provide more even distribution of workload factors and better access within a given Field office. As program expansion is completed during the ensuing fiscal year, ongoing evaluations will be made within the jurisdiction of existing District Managers and Field offices.

Disaster Situations

The Food Stamp Program has emphasized that there are two approaches to providing food stamp assistance to disaster victims: (1) emergency food stamp issuance which suspends normal program eligibility requirements and permits issuance of food stamps to households at zero cost for periods of no more than 30 days; and (2) regular program procedures which allow for deductions for costs due to disasters, and authorizes food stamp assistance for longer periods of time. In fiscal year 1974, the Food Stamp Program displayed a flexibility in providing assistance in various disaster situations.

Almost \$2 million in free food stamps were issued on an emergency basis during fiscal year 1974 to over 61,000 people in disaster-stricken areas in seven States compared to over \$13 million in free coupons issued in disaster situations in fiscal year 1973, nearly \$11 million of which was due to Hurricane Agnes. Attachment 1 shows the emergency issuance during fiscal year 1974.

Further, many disaster victims who had received food stamps during the period of emergency issuance were, at the end of this period, able to continue to receive food stamps under normal program procedures.

Program Changes

1. Coupon Allotments

In accordance with the Food Stamp Act the coupon allotments were adjusted twice in fiscal year 1974 to reflect changes in the price of food published by the Bureau of Labor Statistics for the 48 States and the District of Columbia; Alaska; and Hawaii. Thus, for the first six months of the fiscal year, the coupon allotments were based on the cost of the Economy Food Plan in December 1972 as estimated by the Agricultural Research Service and, for the second six months, the allotments were based on the cost of the Economy Food Plan in August 1973. The allotment for a family of four went from \$116-\$142, effective January 1, 1974, and from \$142-\$150, effective July 1, 1974.

Coupon allotments were developed for the first time for Puerto Rico.

2. Quality Control

Pursuant to the Food Stamp Program regulations, full implementation of quality control is now a fact in the great majority of States in the program. Food and Nutrition Service Regional staff have worked closely with certain States where only partial implementation has thus far been achieved.

Subsamples of completed cases were submitted by 47 States during fiscal year 1974. Some data from these reports are now being compiled and analyzed although not specifically for fiscal year 1974. However, due to the somewhat irregular submission of reports by some States, statistically valid data are not yet available.

During the first six months of fiscal year 1974 semi-annual reports were submitted by 45 of the 48 States, including the District of Columbia, which had implemented quality control.

Regional office staffs conducted an accountability review of the quality control operations in all but several States.

A guide for the training of State and Regional quality control reviewers was developed and distributed during this period. This has proven to be a valuable tool for staff development according to comments from State and Regional levels.

Also during this time, an instruction was developed and tested for the review of Regional quality control operations by FNS.

Also, a major revision of the quality control instruction was underway at year's end.

3. Variable Purchase

The Variable Purchase provision which permits households to buy less than their full allotment at the time of purchase has been successfully implemented in 47 States. Negotiations are still underway with the remaining States with the goal to achieve 100 percent implementation during the next fiscal year.

4. Public Assistance Withholding

The Food Stamp Act, as amended in January 1971, required State agencies to implement Public Assistance Withholding (PAW) in all project areas. This gave

a household the opportunity to have the cost of food stamps deducted automatically from their grant and have their food stamps mailed to them. Public Law 92-603 (86 Stat. 1329) approved October 30, 1972, revoked the legislative authority for the mandatory requirement imposed on State agencies. The regulations were amended to make this provision optional with the States. In August 1973, Public Law 93-86 made PAW mandatory again. The States objected to this mandatory requirement because of the complexities involved in implementing the provision. Because the Department believes that the problems posed by State agencies are valid, implementation has been extended to July 1, 1975, to allow more time for orderly implementation. As a result of the Supplemental Security Income legislation, the PAW provision applies only to Aid to Families with Dependent Children.

5. Mechanical Disasters

Procedures for emergency food stamp assistance in mechanical disaster situations as provided in P.L. 93-86 were in the final stages of writing at the end of the fiscal year. The instruction provides that emergency food assistance will be provided to only those households certified at the time of the mechanical breakdown. Households certified during the month of the breakdown whose period of eligibility commences in that month will be issued authorizing documents using their assigned basis of issuance. The instruction further established that emergency food assistance procedures shall be in effect only during the first month in which the breakdown occurs, and that alternative methods of document issuance, at the assigned basis of issuance, shall be undertaken in following months.

6. Semi-Monthly Issuance

As the fiscal year ended, implementing regulations were being finalized which would require each State agency to offer recipients the choice of monthly or semi-monthly issuance. Prior to this time, State agencies were required to have both semi-monthly and monthly issuance available, but the decision as to frequency of issuance was not placed with the recipient.

7. Work Registration

As a condition of program eligibility, able-bodied adults are required to register for and accept suitable employment. Reports of work registration activity from November 1971 through June 1974 received from 2,610 projects in 45 States indicate that almost 2.8 million persons have registered. Monthly food stamp benefits were reduced or terminated for 203,425 households containing 727,417 persons, equal to a total monthly bonus coupon value of over \$13 million. Acceptance of employment resulted in reduction benefits for 36,229 households containing 148,915 persons and termination of benefits for 66,465 households containing 218,428 persons. Failure to comply with the work registration requirements resulted in termination of benefits for 100,731 households containing 360,074 persons.

8. Program Outreach

In conformance with the Food Stamp Act which mandates a State Outreach Plan of Operation, all States have submitted and implemented an outreach plan with the exception of New Hampshire which is scheduled to implement the Food Stamp Program early in fiscal year 1975. Negotiations continue with New Hampshire.

Each State agency is required to furnish an annual report on the progress made in the outreach effort. Thirty-four State agencies have submitted these reports which contain such information as kinds of services obtained from community groups and organizations, methods used in reaching potentially eligible households, and examples of State-developed material.

Food stamp radio public service announcements and a slide series were made available to interested State and local agencies and organizations. A number of foreign language publications were also distributed this year, including: a flyer translated into Samoan for Hawaii, a poster in Spanish, and a slide series for the Navajo Indians in Arizona. Also, the bi-monthly outreach report, "Reaching People," continues to provide State agencies and others with food stamp information.

9. Nutrition Education

The Food Stamp Act requires that all practicable efforts be made to teach participants in the Food Stamp Program how to use their increased food purchasing power wisely.

Nutrition messages are printed on the covers of the food coupon booklets and several food stamp publications now reflect reminders of what constitutes proper nutrition -- how to shop, store and cook foods. Also, the Food Stamp Program continues to cooperate with United States Department of Agriculture Extension Service, food chains and manufacturers in developing materials which inform households of the proper foods to eat.

10. Non-Legislative Regulation Changes

As fiscal year 1974 ended, regulations were being developed to make non-legislative changes designed to curb abuse. These changes would: (1) limit program benefits to citizens and permanently residing aliens, (2) strengthen the work registration requirement by requiring Food Stamp recipients to maintain suitable employment to which they have been referred by the Employment Service and accept any offer of suitable employment after 30 days from registration, (3) bar participants in unlawful strikes from program participation, and (4) define more comprehensively the term "gross negligence".

Court Suits

During fiscal year 1974, the Department of Agriculture was involved in court suits which challenged various aspects of Food Stamp Program operations.

The most significant suits were those which questioned the Food Stamp Program policy of denying benefits lost through administrative error and suits involving outreach program activities.

Outreach programs in Tennessee and California are the subject of pending litigation begun in fiscal year 1974. Similar suits were filed against several States and the Department of Agriculture after the close of fiscal year 1974 because of alleged ineffective outreach programs. The States include: Colorado, Indiana, Maryland, Michigan, Nebraska, Minnesota, New York, Ohio, Rhode Island, North Carolina, South Carolina, South Dakota, Texas, Virginia, Washington and West Virginia.

Retailer-Wholesaler Activities

1. Compliance

At the end of fiscal year 1974, there were approximately 201,000 firms authorized to accept food coupons, an increase of about 20,000 over last year. Food and Nutrition Service Field personnel are continuing their efforts to promote compliance among firms authorized to accept food coupons.

Educational store visits are made to all authorized firms each year. A firm receives one or two visits per year, depending on its volume of coupon business. During these visits FNS personnel review the regulations with the retailers and their employees, search for areas of misunderstanding, and emphasize the importance of strict compliance. During fiscal year 1974, 348,600 educational store visits were made.

Any indications of noncompliance with the program regulations on the part of authorized firms are followed up by FNS Field personnel. The basic indicators of noncompliance are rumors and complaints of violations and excessive redemptions. Upon receipt of a rumor or a complaint of violations at a store or after determining that redemptions of a firm are excessive, FNS personnel must make a special compliance visit to the firm to alert the retailer to the possibility of violations and caution the retailer against violations. The visit is documented in a letter summarizing the discussion during the visit. During the fiscal year, 33,825 compliance visits were made (making a total of 382,000 store visits for the fiscal year).

If FNS personnel feel that the compliance effort with a particular firm did not have the desired effect, they request that an investigation of the firm be made. The investigation is conducted by the Office of Investigation. If the investigation uncovers violations, the firm may be disqualified. During this fiscal year, 734 firms were disqualified on the basis of evidence obtained through investigations. The policy of issuing charge letters to retailers whose food coupon redemptions exceed their food sales over a period of time has continued. If, in reply to the charge letter, the retailer cannot show that his food sales exceeded his redemption volume, disqualification action ensues. During the fiscal year, 69 firms were disqualified on this basis, making a total of 803 disqualifications during fiscal year 1974. The number of disqualifications this fiscal year exceeds last year's total by 218. Attachment 2 shows a breakdown of compliance activity for fiscal year 1974.

During fiscal year 1974 there were 217 successful criminal prosecutions under the Food Stamp Act of 1964. Sentences included fines up to \$3,500, periods of probation up to 5 years, and a six-month jail sentence. There were 171 successful criminal prosecutions during the previous fiscal year.

2. Redemption Certificate Automation Program

Authorized retailers are required to use a redemption certificate when presenting food coupons to a bank or wholesaler. The certificate is an input form for the automated system which compiles and analyzes for FNS the redemption information for each store. A large majority of the compliance actions taken by the Field personnel is initiated on the basis of the redemption information provided by this automation program.

For the most recent months, an average of 1.3 million redemption certificates having an average total value of \$442 million per month were processed for authorized retailers.

3. Meal Services

The program providing for the use of food coupons to pay for meals delivered to certain elderly handicapped persons by nonprofit meal delivery services (Meals on Wheels) has continued to grow. By the end of the fiscal year 1,235 nonprofit meal delivery services were authorized to participate in the Food Stamp Program.

As the year ended, guidelines were being prepared for the authorization of two additional categories of meal services made eligible for participation as authorized retailers by P.L. 93-86. The first new category is communal dining facilities for the elderly, which include public and private nonprofit organizations and certain private establishments under State or local agency contract to provide meals to elderly persons at concessional prices. The second new category is private nonprofit drug addiction or alcoholic treatment and rehabilitation programs.

4. Exhibits

Efforts to promote voluntary compliance through contacts with retail grocer associations are continuing to be expanded. Food and Nutrition Service personnel manned the Food Stamp Program Exhibit at the two largest exhibiting conventions of the retail trade [Super Market Institute (SMI) and National Association of Retail Grocers of the United States (NARGUS)] and also at several State conventions. A new Food Stamp Program Exhibit was completed during the past year and made its debut at the NARGUS convention. In addition, smaller, portable exhibits are being developed for use by FNS Regional office and Field personnel at State and local retailer conventions and meetings and at other places such as fairs.

Civil Rights

Pursuant to 7 CFR 15 of the Civil Rights Act of 1964 and the Secretary's Memorandum No. 1662, the Division prepared an instruction to State agencies which set forth the policy that the Food Stamp Program will be administered on a nondiscriminatory basis. This instruction prescribes that State agencies will prepare a Public Notification Plan which would advise minorities and the general public that the Food Stamp Program is available to all eligible households without discrimination. It further requires that contact with minority leaders and organizations is to be made annually for this purpose.

The increased public awareness of the policy on nondiscrimination coupled with our Field personnel's comprehensive review and follow-up of allegations of discrimination has generated a slight increase in the number of complaints of discrimination which are received. The Office of Investigation and/or FNS personnel have conducted in-depth reviews of these complaints and, in most instances, they can be related to misunderstanding of program policies and procedures. Some have been the result of discourteous treatment of food stamp clients. In these instances, our Regional offices have worked cooperatively with the States to effect immediate corrective action.

Attachment 3 provides a visual report of the number of complaints received and handled and the overall summary of the status of these complaints.

Security of Cash and Coupons

During fiscal year 1974 losses of cash and coupons from local issuing offices amounted to approximately \$645,000. Three incidents of thefts of coupons from the U.S. mail amounted to \$38,528. Problems with counterfeiting, while still in existence, continue to be minimal. Secret Service has informed us that counterfeit coupons found in circulation are less than one percent of the total value of coupons redeemed.

Audits and Investigations

During fiscal year 1974, FNS continued to closely monitor program operations at the State and local level through reports of the Office of Audit and Office of Investigation. Over 600 audits were processed during fiscal year 1974, and 43 recipient investigations were received. Program operations in general are evaluated through the audit report while specific instances of suspected program abuse are covered by the investigations.

Efficiencies of Operation

1. Post Office Contract

The U.S. Postal Service and the Department negotiated a Memorandum of Understanding on April 4, 1973, signed by the Assistant Secretary. Concurrent with the signing of the Memorandum of Understanding, the Postal Service developed a Standard Food Stamp Sales Agreement, with a uniformly applied fee of 80 cents per transaction for use as its issuance contract with State agencies. Because of the limited liability imposed on the post office and

reported cases of manipulation of Authorization to Purchase cards (ATP) by Postal Service employees, several States have expressed concern about the Standard Contract. These and other factors have caused the U.S. Postal Service to impose a moratorium on the negotiation of all contracts for post office issuance. The Postal Service did this primarily to test their own internal procedures which were developed to eliminate the potential for abuse of variable purchase ATPs. We have urged the Postal Service to resume contract negotiations with the States. We are also working on an Authorization to Purchase card format which will resolve some of the problems which have been encountered.

2. Automatic Coupon Ordering Program

During 1973, we initiated work on a pilot program to automate armored car shipments of food coupons from their manufacturer to 62 project storage locations. These 62 locations were divided into six armored car routes which received coupons automatically on a monthly basis. Delivery began in August 1973. At the end of fiscal year 1974, the program had been expanded to 117 receiving points and divided into ten armored car routes. Most receiving points for the program are located in the Midwest and Southeast Regions. We are in the process of expanding the program to all major coupon receiving points in the continental United States. By using armored car services rather than sending the coupons through the mails, an annual savings of approximately \$4 million will be realized by the Food and Nutrition Service.

3. Food Stamp Accountability System

The Food Stamp Accountability System became operational in fiscal year 1973. This system provides data on program participation, cash reconciliation with the Treasury Department and with activity reported by the State agencies, and data on coupons shipped by the Bureau of Engraving and Printing and received and issued by State agencies. During this year, the basic user responsibilities for the systems' reports were established. A production and delivery schedule for the reports of primary interest to FNS also was established. Analyses of them were performed and corrective action begun in the areas of late and inaccurate reporting, and depositing frequency. Data processing for past fiscal years continued and several program modifications were made. Objectives for the Food Stamp Accountability System for fiscal year 1975 include defining organizational responsibilities and establishing revised, consistent reporting procedures, reporting point policy and accounting procedures at the local level.

EMERGENCY FOOD STAMP ASSISTANCE IN RECENT DISASTERS

FISCAL YEAR 1974

<u>STATE</u>	<u>HOUSEHOLDS</u>	<u>PERSONS</u>	<u>FREE COUPONS</u>
Idaho (Shoshone Co.)	824	2,918	\$ 104,906
Indiana	2,126	7,219	255,258
Kentucky	8,623	26,149	942,377
Minnesota (Kittson Co.)	46	270	3,634
Mississippi	3,745	13,912	233,034
Montana (Lincoln Co.)	149	613	13,167
Ohio (Greene Co.)	3,230	10,096	363,382
<hr/>			
GRAND TOTAL	18,743	61,177	\$1,915,758

FOOD STAMP PROGRAM

ATTACHMENT 2

RETAILER-WHOLESALE ACTIVITY		Fiscal Year 1974
<hr/>		
1. Food Concerns:		
Retail.....	196,965	
Wholesale.....	2,577	
Meal Services.....	1,235	
Total.....	200,777	
2. Compliance Activities		
a. Supervisory Visits.....	348,572	
b. Special Compliance Reports.....	16,309	
(1) Confirming Letters.....	9,044	
(2) OI investigations requested.....	2,664	
c. Action on OI Investigative Reports:		
(1) OI reports pending action from prior year.....	989	
(2) OI reports received.....	2,264	
(3) Negative closings.....	1,119	
(4) Actions less than disqualification.....	639	
(5) Disqualifications.....	803 <u>1/</u>	
(a) Administrative reviews.....		
Pending from prior year.....	122	
Requested.....	297	
Sustained or lowered.....	334	
Withdrawn.....	19	
Pending at end of year.....	66	
(b) Judicial reviews.....		
Pending from prior year.....	41	
Requested.....	55	
Lowered.....	2	
Dismissed.....	16	
Sustained.....	14	
Pending at end of year.....	64	
(6) OI reports pending action at end of year.....	761	
(7) Referred to Department of Justice.....	725	
<hr/>		

1/ Included are 69 disqualifications based on redemptions exceeding food sales. These did not involve OI investigations.

CIVIL RIGHTS COMPLIANCE ACTIVITIES

Activity	FY 1974
Civil Rights Activities:	
a. Complaints received	
(1) During the fiscal year	19
(2) Held pending from previous year	18
b. Complaints investigated	
(1) By OI	10
(2) By FNS	26
(3) Pending OI decision on handling complaints	1
c. Disposition of complaints at close of fiscal year	
(1) Awaiting OI decision	1
(2) Complaints closed	24
(3) Complaints referred for other action	0
(4) Evaluating results of investigation and/or preparing closing correspondence	12

Food Stamp Program
Fiscal Year 1974*

State/Region	Areas in Opera- tion	June 1974 Participation		Value of Coupons, FY 1974		Bonus of Total	June 1974 Average Bonus Per Person
		Public	Total	Bonus Coupons	Total		
		Assistance	Total	Bonus Coupons	Total		
		No. Persons	No. Persons	\$	\$	%	\$
Alabama	49	81,965	290,940	57,558,175	85,135,132	66	21.35
Alaska	1	3,348	14,259	6,865,172	8,745,104	80	33.81
Arizona	14	29,346	100,135	21,429,782	31,300,557	70	22.85
Arkansas	75	75,924	240,657	56,247,280	87,359,776	65	22.00
California	50	955,086	1,250,689	253,676,459	469,291,164	59	18.80
Colorado	53	67,574	125,138	28,032,535	45,045,206	64	21.67
Connecticut	8	89,563	139,268	23,225,651	48,721,671	51	16.93
Delaware	3	11,959	19,462	708,040	1,214,134	63	18.81
District of Columbia	1	81,214	110,210	24,452,620	42,421,063	52	18.21
Florida	67	180,253	490,236	127,162,705	183,676,795	70	23.19
Georgia	148	135,991	347,827	69,913,836	116,366,622	59	18.94
Hawaii	4	44,607	65,724	14,374,892	28,395,550	53	21.69
Idaho	43	15,213	32,622	4,754,995	7,579,967	64	20.30
Illinois	102	685,419	821,821	168,813,236	322,490,745	53	19.15
Indiana	68	86,204	176,783	36,089,876	56,700,615	65	21.00
Iowa	99	55,366	109,203	24,207,395	40,499,819	60	19.99
Kansas	104	24,675	41,130	6,169,419	11,829,518	51	16.85
Kentucky	115	110,171	391,879	97,526,143	139,558,899	70	23.52
Louisiana	64	183,256	508,796	133,043,259	191,518,177	69	22.66
Maine	8	18,400	58,356	5,868,937	9,859,753	60	18.69
Maryland	24	181,601	248,877	62,460,869	96,102,845	65	22.78
Massachusetts	5	16,757	26,363	3,878,501	8,459,400	50	14.95
Michigan	82	457,347	579,957	80,187,878	180,130,236	47	14.05
Minnesota	87	80,024	167,586	29,091,314	57,060,726	52	16.51
Mississippi	73	113,565	335,300	78,434,142	117,222,555	67	21.56
Missouri	83	165,136	259,885	52,638,304	83,315,085	61	20.65
Montana	51	12,001	29,919	6,455,184	10,243,397	68	22.79
Nebraska	89	22,932	46,106	9,097,103	16,388,455	57	17.83
Nevada	2	6,481	17,382	2,635,758	3,691,635	75	24.93
New Jersey	21	281,735	403,371	72,111,601	139,825,812	55	18.78
New Mexico	29	37,631	152,812	38,742,561	56,299,861	69	22.77
New York	58	960,581	1,191,527	162,397,896	431,487,647	42	13.86
North Carolina	85	57,894	286,110	54,217,183	87,780,618	60	19.19
North Dakota	50	5,034	21,525	4,221,247	7,142,226	60	18.89
Ohio	88	451,096	737,758	174,345,192	269,265,508	66	22.31
Oklahoma	68	84,657	138,427	18,360,336	34,006,274	52	16.62
Oregon	28	66,432	150,109	30,312,918	49,270,772	63	21.20
Pennsylvania	67	491,886	734,696	116,561,885	252,786,408	45	14.69
Rhode Island	2	54,285	66,378	11,896,216	26,524,348	48	16.90
South Carolina	46	73,874	359,705	92,343,695	129,927,889	70	22.55
South Dakota	61	11,220	28,505	5,917,468	10,160,315	58	19.32
Tennessee	95	92,282	330,852	80,288,504	121,519,196	65	21.69
Texas	254	274,348	1,043,287	208,655,374	308,766,220	66	21.21
Utah	9	30,741	41,295	8,721,685	15,847,400	56	19.04
Vermont	12	16,274	39,092	6,186,245	12,619,542	49	15.62
Virginia	84	80,803	178,804	38,669,480	61,830,254	58	18.76
Washington	39	113,463	235,812	53,981,729	93,085,414	60	21.02
West Virginia	55	86,055	214,399	44,323,911	70,563,021	62	17.71
Wisconsin	72	74,841	124,027	18,929,449	41,936,431	45	14.11
Wyoming	23	4,028	10,934	1,980,301	3,297,650	62	18.99
Northeast	348	2,371,113	3,430,803	572,741,852	1,202,415,898	48	16.69
Southeast	678	845,995	2,832,849	657,444,383	981,187,706	67	23.21
Midwest	874	2,103,040	3,064,256	599,569,166	1,079,617,138	56	19.57
West-Central	737	786,414	2,341,295	510,377,230	769,686,502	66	21.80
Western	181	1,233,976	1,866,732	388,031,705	691,360,163	56	17.82
U.S. Total	2,818	7,340,538	13,535,935	2,728,164,336	4,724,267,407	58	17.62

*Preliminary

(c) Food Donations Program

Appropriation Act, 1975 -----	---
Budget Estimate, 1976 -----	\$ 5,839,000
Increase in Appropriation -----	+5,839,000

SUMMARY OF INCREASES AND DECREASES

	<u>1975</u>	<u>Increase</u>	<u>1976</u> <u>Estimate</u>
Direct distribution on			
Indian reservations -----	---	+ 4,500,000	4,500,000
Supplemental food programs -----	---	---	---
Institutions, disaster relief,			
and summer camps for children -----	---	---	---
Cash assistance -----	---	+ 765,000	765,000
Operating expenses -----	---	+ 574,000	574,000
Total -----	---	<u>+ 5,839,000</u>	<u>5,839,000</u>

PROJECT STATEMENT
(On basis of funds available)

<u>Project</u>	<u>1974</u>	<u>1975</u>	<u>Inc. or Dec.:</u> <u>Program</u>	<u>1976</u> <u>Estimate</u>
1. Commodity acquisitions:				
(a) Direct distribution on				
Indian reservations -----	---	---	+\$ 4,500,000:	\$4,500,000
(b) Supplemental food programs -----	---	---	---	---
(c) Institutions, disaster relief				
and summer camps -----	---	---	---	---
2. Cash assistance -----	---	---	+ 765,000:	765,000
3. Operating expenses -----	---	---	+ 574,000:	574,000
Total, estimate -----	---	---	<u>+ 5,839,000:</u>	<u>5,839,000</u>

EXPLANATION OF PROGRAM

The Agriculture and Consumer Protection Act of 1973, as amended (7 U.S.C. 612c note) provides for a food donations program in fiscal years 1976 and 1977 which is carried out with funds appropriated from the general fund of the Treasury. Agricultural commodities will be provided to needy persons on Indian reservations until their transition to the food stamp program is complete. The traditional commodity package consisting of canned meat, poultry, cheese, evaporated milk and other items will be continued to an average of 40,000 participants per month.

JUSTIFICATION OF INCREASES AND DECREASES

An increase of \$5,839,000 in 1976 for activities carried out under this appropriation consisting of:

- (1) An increase of \$4,500,000 for commodity acquisitions. This increase will provide for an average caseload of 40,000 participants per month. The program will be available only to needy persons on Indian reservations until their transition to the food stamp program is complete.
- (2) An increase of \$765,000 for cash assistance. Funds are provided to distributing agencies in order to defray the cost of maintaining a food donation program.
- (3) An increase of \$574,000 for operating expenses. This increase includes \$100,000 for contracting with AMS and ASCS for purchasing, receiving, shipping, and accounting for the commodities needed for this program. In the event that surplus and price-support commodities are acquired to meet the needs of this program, this expense against a direct (general fund) appropriation would not be necessary.

The estimate also includes \$474,000 for 20 man-years of employment needed to oversee the purchase and distribution of commodities to the groups named in the Act. This cost would be necessary regardless of whether commodities are acquired under direct or permanent appropriation.

TRANSITION BUDGET

Food Donations Program

Transition Budget Estimate ----- \$1,460,000

JUSTIFICATION OF TRANSITION BUDGET ESTIMATE

The funds requested represent one-fourth of the budget estimate for FY 1976. This level of funding will provide food assistance to an average of 40,000 participants per month who are on Indian reservations in which the food stamp program is not yet in operation.

ADMINISTRATIVE
EXPENSES

FOOD AND NUTRITION SERVICE

ADMINISTRATIVE EXPENSES

Summary by Program of Positions, Year-End Employment, Man-Years, and Obligations

Exhibit I

(Dollars in Thousands)

Program & Fund	Actual (Preliminary)			Latest Estimate			Budget Estimate		
	1974			1975			1976		
	Positions	Employment	Man-Years	Obligations	Positions	Employment	Man-Years	Obligations	Man-Years
Child Nutrition:									
FTP	344	317	314		484	414	370	432	463
Other	--	131	21	--	--	--	36	--	15
Total, CN	344	448	335	548	484	414	406	432	478
FTP - Food Donations	--	--	--	--	--	--	--	20	20
								574	574
Special Milk:									
FTP	48	47	45		44	44	46	--	--
Other	--	--	1	--	--	--	--	--	--
Total	48	47	46	745	44	44	46	--	--
Food Stamp:									
FTP	1,673	1,548	1,457		1,842	1,774	1,715	1,936	1,936
Other	22	42	68	--	--	--	68	--	68
Total	1,695	1,590	1,525	28,174	1,842	1,774	1,783	1,936	2,004
								44,015	44,015
Food Distribution:									
FTP	190	172	206		157	145	157	137	137
Other	--	2	6	--	--	--	2	--	2
Total	190	174	212	4,066	157	145	159	137	139
								3,186	3,186
WIC:									
FTP	49	49	2		73	73	68	--	--
Other	--	--	--	--	--	--	2	--	--
Total	49	49	27	540	73	73	70	--	--
Grand Total:									
FTP	2,304	2,133	2,049		2,600	2,450	2,356	2,525	2,556
Other	22	175	96	--	--	--	108	--	85
Total	2,326	2,308	2,145	41,073	2,600	2,450	2,464	2,525	2,641
								61,166	61,166

Food and Nutrition Service
Child Nutrition Programs
Administrative Expenses
Explanation of Change in Requirements
Washington and Field
(dollars in thousands)

	Washington				Field				Total			
	Employees		Man-		Employees		Man-		Employees		Man-	
	On Ceiling	June 30	Years	Obligations	On Ceiling	June 30	Years	Obligations	On Ceiling	June 30	Years	Total
1974 Actual.....	160	8	153	\$4,530	288	3	182	\$3,018	448	11	335	\$7,548
GSA space.....				182				203				385
Annualization pay costs effective in FY 1974.....				50				60				110
Increased pay costs effective in FY 1975.....				145				156				301
Operation of New York summer and year-round non-school programs... Initiation of cost-saving measures in 300 large school systems.....	32		11	273	-131		25	310	-131		25	310
Annualization year-end employment (310 on board 6/30/73 - 317 on board 6/30/74).....					48		17	422	80		28	695
ADP and program accounting.....	10		1	23			2	44			3	67
Annualization of year-end costs other than pay costs.....			9	194	7		6	136	17		15	330
1975 Estimate.....	202	7	174	\$5,327	212	4	232	\$4,524	414	11	406	\$10,051
Increase GSA space costs.....				94				126				220
Annualization pay costs effective in FY 1975.....				91				99				190
Annualization of cost-saving measure employment.....			21	614			31	906			52	1,520
Annualization of ADP and program accounting employment.....			1	23			1	22			2	45
Elimination of New York summer and year-round non-school food programs.....												
Elimination non-school program.....	-17		-7	-175	-12		-25	-310	-29		-25	-310
							-5	-125			-12	-300

	Washington				Field				Total			
	Employees		Man-		Employees		Man-		Employees		Man-	
	On Rolls, June 30	Non-Ceiling	Years	Obligations	On Rolls, June 30	Non-Ceiling	Years	Obligations	On Rolls, June 30	Non-Ceiling	Years	Total
Elimination breakfast program.....	-18		-9	-227	-12		-6	-151	-30		-15	-378
Intensification of cost-saving measures program.....	25		24	660	37		36	990	62		60	1,650
ADP and program accounting.....	9		6	132	6		4	88	15		10	220
Program evaluation contracts.....				125								125
Annualization of year-end costs other than pay costs.....				157				201				358
1976 Estimate.....	201	7	210	\$7,021	231	4	268	\$6,370	432	11	478	\$13,391

Food and Nutrition Service
Special Milk Program
Administrative Expenses
Explanation of Change in Requirements
Washington and Field
(dollars in thousands)

	Washington				Field				Total			
	Employees		Man-		Employees		Man-		Employees		Man-	
	On Rolls, June 30	Non-Ceiling	Years	Obligations	On Rolls, June 30	Non-Ceiling	Years	Obligations	On Rolls, June 30	Non-Ceiling	Years	Total
1974 actual.....	21		22	\$409	26		24	\$336	47		46	\$745
GSA space rental costs.....				12				16				28
Annualization of pay costs effective in FY 1974.....				3				3				6
Pay costs increases effective in FY 1975.....				13				14				27
Annualization of other year-end costs.....	-1			21	-2			30	-3			51
Special Milk evaluation contract..				75								75
1975 Budget.....	20		22	\$533	24		24	\$399	44		46	\$932

Food and Nutrition Service
Food Stamp Program
Administrative Expenses
Explanation of Change in Requirements
Washington and Field
(dollars in thousands)

	Washington				Field				Total			
	Employees		Man-		Employees		Man-		Employees		Man-	
	On Rolls, June 30	Non-Ceiling	Years	Obligations	On Rolls, June 30	Non-Ceiling	Years	Obligations	On Ceiling	Non-Ceiling	Years	Total
FY 1974 Program Level.....	393	16	364	\$10,095	1,197	85	1,161	\$18,079	1,590	101	1,525	\$28,174
GSA space rental costs.....				351				1,132				1,483
Annualization of increased pay costs effective in FY 1974.....				119				316				435
Increased pay costs effective in FY 1975.....				294				788				1,082
Annualization of year-end employment.....			40	744			93	1,368			133	2,112
Annualization of all other FY 1974 year-end costs including 1 extra day.....				165				480				645
Program expansion from 2,818 project areas at 6/30/74 to 3,200 areas by 6/30/75, including Puerto Rico.....	5		4	75	119	8	95	1,812	124	8	99	1,887
Staff increases related to additional workload resulting from the growth and intensification of the accountability function.....	15		9	215					15		9	215
Quality control program to monitor the eligibility of households and the validity of the purchase requirement as well as the coupon allotment to those households....	11		7	133					11		7	133
Management evaluations and audits to assure the effective implementation of PL 93-347 which authorized the payment of 50% of State agency administrative costs	7		2	45	25		7	158	32		9	203

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	Washington				Field				Total			
	Employees		Man-		Employees		Man-		Employees		Man-	
	On Rolls, June 30	Non-Ceiling	Years	Obligations	On Rolls, June 30	Non-Ceiling	Years	Obligations	On Rolls, June 30	Non-Ceiling	Years	Total
Transfer income model to measure the impacts of unemployment, changes in the bonus level and other factors on the Food Stamp Program costs and participation.	2	16	1	213								
FY 1975 Program Level.....	433		427	\$12,449	1,341	93	1,356	\$24,133	1,774	109	1	213
GSA space rental cost increase....				193				621				814
Annualization of increased pay cost effective in FY 1975.....				172				461				633
Annualization of year-end employment.....			17	427			42	924			59	1,351
Annualization of all other FY 1975 costs (including 1 extra day)....				329				669				998
Continued emphasis on the accountability function.....	6		6	137					6		6	137
Improved program administration at the State and local level.....	25		25	543	95		95	2,054	120		120	2,597
Administration of PL 93-347 which authorized the payment of 50% of State agency administrative costs.....	11		11	276	25		25	627	36		36	903
FY 1976 Program Level.....	475	16	486	\$14,326	1,461	93	1,518	\$29,489	1,936	109	2,004	\$44,015

Food and Nutrition Service
Commodity Operating Expense Program (Sec. 32)
Administrative Expenses
Explanation of Change in Requirements
Washington and Field
(dollars in thousands)

	Washington				Field				Total			
	Employees		Man-		Employees		Man-		Employees		Man-	
	On Rolls, June 30	Non-Ceiling	Years	Obligations	On Rolls, June 30	Non-Ceiling	Years	Obligations	On Rolls, June 30	Non-Ceiling	Years	Total
1974 actual.....	80	3	96	\$2,134	94	3	116	\$1,932	174	6	212	\$4,066
GSA space rental costs.....				96				117				213
Annualization pay costs effective in FY 1974.....				18				15				33
Increase pay costs effective 10/13/74.....				66				50				116
Decrease:												
Conversion of the Needy Family Program to the Food Stamp Program.....	-16	-1	-30	-420	-13	-1	-23	-292	-29	-2	-53	-712
1975 Budget Estimate.....	64	2	66	\$1,894	81	2	93	\$1,822	145	4	159	\$3,716
Annualization pay costs effective in FY 1975.....				11				9				20
Decrease:												
Change to direct funding for the food distribution programs other than for schools and the elderly, pursuant to PL 93-347	-4		-4	-130	-4		-16	-420	-8		-20	-550
1976 Budget Estimate.....	60	2	62	\$1,775	77	2	77	\$1,411	137	4	139	\$3,186

Food and Nutrition Service
Food Donation Programs Operating Expenses
Administrative Expenses
Explanation of Change in Requirements
Washington and Field
(dollars in thousands)

	Washington			Field			Total		
	Employees			Employees			Employees		
	On Rolls, June 30	Man- Years	Man- Years	On Rolls, June 30	Man- Years	Man- Years	On Rolls, June 30	Man- Years	Man- Years
	Ceiling	Non-Ceiling	Obligations	Ceiling	Non-Ceiling	Obligations	Ceiling	Non-Ceiling	Total
	4		4	\$279 1/	16	16	\$295	20	\$574

PL 93-347 requires direct rather than special Sec. 32 funding for food distribution programs for Indian reservations beginning July 1, 1975.....

1/ Includes \$150-175,000 for contracting with AMS for the purchase of commodities, and with ASCS for commodity accounting, shipment, and delivery reports services.

LANGUAGE CHANGES

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OFFICE OF THE SECRETARY

The estimates include a proposed change in the appropriation language of this item as follows (New language underscored; deleted matter enclosed in brackets):

Office of the Secretary

****Provided further, That not to exceed [\$2,500] \$4,000 of this amount shall be available for official reception and representation expenses, not otherwise provided for, as determined by the Secretary: ****

This change would increase the amount of the Secretary's Reception and Representation Fund from \$2,500 to \$4,000. In recent years the fund has been depleted early in the year because of rising costs or legitimate charges to the fund have had to be denied. The resources of this fund, used for luncheons, receptions and other miscellaneous items not otherwise provided for in the appropriation language for the Office of the Secretary, are presently insufficient to meet the current level of activity. The small increase proposed for this limitation would be absorbed within total funds available to the Office of the Secretary and would help alleviate the need for Department officials to absorb the costs of these job related expenses.

AUDIT AND INVESTIGATION

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

- 1 [Office of the Inspector General] Audit and Investigation
- 2 For necessary expenses of [the Office of the Inspector General]
Audit and Investigation, ***

The first and second changes are for the purpose of changing the appropriation title of this account to more accurately reflect the current organizational structure of the Department's audit and investigative activities.

AGRICULTURAL RESEARCH SERVICE

The estimates include proposed changes in appropriation language explained below (new language is underscored).

Agricultural Research Service

For expenses necessary * * * *: Provided further, that appropriations hereunder shall be available for the operation and maintenance of aircraft and the purchase of not to exceed one for replacement only and for acquisition without cost of not to exceed one to be obtained by transfer: Provided further, that * * * *

The change would provide for the acquisition of one additional aircraft which is urgently needed to maximize the data gathering potential of ARS remote sensing missions in the Southwest. The aircraft would provide photography up to 20,000 feet; this is currently available through NASA on a very restricted basis. Since a minimum of 300 hours of flying time is required annually to fulfill ARS missions, the additional aircraft would result in an estimated annual savings of \$18,000 over commercial service. In addition, commercial aircraft often are not available at critical times (10:00 a.m. - 2:00 p.m.) during clear days that are essential for aerial photography. Other advantages of the requested aircraft include increased acreage per photographic frame due to increased altitude capability and faster coverage due to higher ground speeds.

The aircraft would be used for immediate remote sensing studies involving citrus blackfly, imported fire ant, greenbug on sorghum and wheat, pecan pests, and other pests of citrus, vegetables and sugar cane.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

The estimates include the proposed changes in the language of this item as follows (new language is underscored; deleted matter enclosed in brackets):

Animal and Plant Health Inspection Service

- For expenses, not otherwise provided for, including those pursuant to the Act of February 28, 1947, as amended (21 U.S.C. 114b-c) necessary to prevent, control, and eradicate pests and plant and animal diseases; to carry out inspection, quarantine, and regulatory activities; to carry on services related to consumer protection; and to protect the environment, as authorized by law, [~~\$410,266,000~~] \$357,165,000, of which [~~\$1,500,000~~] \$2,500,000 shall be apportioned for use pursuant to section 3679 of the Revised Statutes, as amended, for the control of outbreaks of insects, plant diseases and animal diseases to the extent necessary to meet emergency conditions and [~~\$62,900,000~~] \$2,550,000 shall be for repayment to the Commodity Credit Corporation of advances (and interest thereon) made in accordance with authorities contained in the provisions of the appropriation items [for the Agricultural Research Service in the Agriculture-Environmental and Consumer Protection Appropriation Act, 1972, and] for the Animal and Plant Health Inspection Service in the Agriculture-Environmental and Consumer Protection Appropriation Act, [1973] 1974:*****[Provided further, That \$16,300,000 shall remain available until expended for plans, construction, and improvement of facilities, without regard to limitations contained herein:]

The first change specifies the amount needed in FY 1976 for the Animal and Plant Health Inspection Service Contingency Fund.

The second change specifies the amount needed in FY 1976 for repayment to the Commodity Credit Corporation of advances (and interest thereon) made during 1974 to combat Hog Cholera.

The third change relates to the authority under which the advance from Commodity Credit Corporation was made during FY 1974. Authority for that advance was contained in the Agriculture-Environmental and Consumer Protection Appropriation Act, 1974.

The fourth change deletes non-recurring appropriation funds for construction of the Fleming Key Animal Import Center and the Veterinary Biologics Laboratory.

COOPERATIVE STATE RESEARCH SERVICE

The estimates include proposed changes in the Language of these items as follows (new language underscored; deleted matter enclosed in brackets):

Cooperative State Research Service

- 1 For payments to agricultural experiment stations, *** and further amended by Public Law 92-318 approved June 23, 1972, and further amended by Public Law 93-471 approved October 26, 1974, including administration by the United States Department of Agriculture, *** for scientific research under the Act
- 2 of August 4, 1965 (7 U.S.C. 450i); [\$1,500,000 for Rural Development Research as authorized under the Rural Development Act of 1972 (7 U.S.C. 2661-2668), including administrative expenses;]

The first change in language would include the District of Columbia under the Hatch Act pursuant to Section 208 of Public Law 93-471, "District of Columbia Public Postsecondary Education Reorganization Act," which consolidates the existing local institutions of public postsecondary education into a single Land-Grant University of the District of Columbia.

The second change deletes the language contained in the 1975 Appropriation Act which provides for Rural Development Research. In 1976 funds previously provided for rural development grants under Title V of the Rural Development Act of 1972 are proposed to be merged with the Hatch Act.

EXTENSION SERVICE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets).

Federal Funds

Extension Service

Payments to States, Puerto Rico, Guam, and the Virgin Islands: For payments for cooperative agricultural extension work under the Smith-Lever Act, as amended by the Act of June 26, 1953, the Act of August 11, 1955, the Act of October 5, 1962 (7 U.S.C. 341-349), and section 506 of the Act of June 23, 1972, to be distributed under sections 3(b) and 3(c) of the Act, for retirement and employees' compensation costs for extension agents, and for costs of penalty mail for cooperative extension agents and State extension directors, /\$145,828,000/ \$159,257,000; payments for the nutrition and family education program for low-income areas under section 3(d) of the Act, /\$50,560,000/ \$47,360,000; payments for extension work by the colleges receiving the benefits of the second Morrill Act (7 U.S.C. 321-326, 328) and Tuskegee Institute under section 3(d) of the Act, /\$6,450,000/ \$6,823,000; payments for [rural development work under section 3(d) of the Act, \$1,000,000; payments for] the pest management program under section 3(d) of the Act, /\$1,735,000/ \$2,935,000; payments for the farm safety program under section 3(d) of the Act, /\$765,000/ \$1,020,000; payments and contracts for such work under section 204(b)-205 of the Agricultural Marketing Act of 1946 (7 U.S.C. 1623-1624), \$1,450,000; and payments for extension work under section 109 of the District of Columbia Public Education Act, as added by the Act of June 20, 1968, and amended by the Act of January 5, 1971 (D.C. Code 31-1609), \$860,000/ 208(c) of Public Law 93-471, \$910,000; and \$1,500,000 for Rural Development Education as authorized under the Rural Development Act of 1972 (7 U.S.C. 2661-2668); in all, \$210,148,000/ \$218,305,000: Provided, That funds hereby appropriated pursuant to section 3(c) of the Act of June 26, 1953, and section 506 of the Act of June 23, 1972, shall not be paid to any State, Puerto Rico, Guam, and/ or the Virgin Islands prior to availability of an equal sum from non-Federal sources for expenditure during the current fiscal year.

Federal administration and coordination: For administration of the Smith-Lever Act, as amended by the Act of June 26, 1953, the Act of August 11, 1955, the Act of October 5, 1962 (7 U.S.C. 341-349), and section 506 of the Act of June 23, 1972, and extension aspects of the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627), the District of Columbia Public Education Act, as added by the Act of June 20, 1968, and amended by the Act of January 5, 1971 (D.C. Code 31-1609), and the Rural Development Act of 1972 (7 U.S.C. 2661-2668) section 208(d) of Public Law 93-471 and to coordinate and provide program leadership for the extension work of the Department and the several States and insular possessions, /\$5,209,000/ \$5,463,000.

The first, second, fourth, and fifth changes propose the transfer of funds previously appropriated under other authorities to Section 3(c) of the Smith-Lever Act to provide greater flexibility to the States in meeting high priority needs with Federal Grant funds. (See justification for this change on page 240 of Volume 1 of these Explanatory Notes.)

The third and sixth changes identify the public law authorizing extension education in the District of Columbia.

AGRICULTURAL MARKETING SERVICE

The estimates include proposed changes in the language of this item as follows (new language is underscored; deleted matter enclosed in brackets).

Marketing Services:

For expenses necessary to carry on services related to consumer protection, agricultural marketing and distribution, and regulatory programs, other than Packers and Stockyards Act, as authorized by law[, and for administration and coordination of payments to States]; including field employment pursuant to section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$45,000 for employment under 5 U.S.C. 3109; [\$39,526,000] \$42,275,000: Provided, That this appropriation shall be available pursuant to law (7 U.S.C. 2250) for the alteration and repair of buildings and improvements, but, unless otherwise provided, the cost of altering any one building during the fiscal year shall not exceed \$7,500 or 7.5 per centum of the cost of the building, whichever is greater.

This change would delete language provided in the Department of Agriculture Appropriation Act, 1975, for the operating expenses related to administering and coordinating the marketing service work performed under the appropriation, "Payments to States and Possessions," noted below.

[Payments to States and Possessions]:

[For payments to departments of agriculture, bureaus and departments of markets, and similar agencies for marketing activities under section 204(b) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1623(b)), \$1,600,000.]

This change would delete funds provided in the Department of Agriculture Appropriation Act, 1975, for assisting States in developing the capability to perform their own agricultural marketing service programs. The program has been in operation since 1948. State marketing appropriations have gradually built up over the years and are currently overmatching Federal appropriations. Since program benefits accrue primarily to the States, they are expected to continue to develop and execute their own marketing programs. An explanation of the program is provided in Volume 2, page 31 of these Explanatory Notes.

AGRICULTURAL MARKETING SERVICE

The estimates include proposed changes in the language of this item as follows (deleted matter enclosed in brackets):

Funds for Strengthening Markets, Income, and Supply (Section 32):

Funds available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c) shall be used only for commodity program expenses as authorized therein, and other related operating expenses, except for (1) transfers to the Department of Commerce ...[; and (4) in addition to other amounts provided in this Act, not more than \$131,400,000 for (a) child feeding programs and nutritional programs authorized by law in the School Lunch Act and the Child Nutrition Act, as amended, of which \$89,600,000 shall be available for the nonschool feeding program; and (b) additional direct distribution or other programs, without regard to whether such area is under the food stamp program or a system of direct distribution, to provide, in the immediate vicinity of their place of permanent residence, either directly or through a State or local welfare agency, an adequate diet to other needy children and low-income persons determined by the Secretary of Agriculture to be suffering, through no fault of their own, from general and continued hunger resulting from insufficient food].

This change would delete language provided in the Department of Agriculture Appropriation Act, 1975, which provided funds in 1975 for the non-school food program and the special supplemental feeding program for women, infants, and children. The legislative authority for these programs expires on June 30, 1975. The Department is not recommending that these authorities be extended, but rather, that a comprehensive block grant program be initiated to replace these and other child nutrition programs.

FOREIGN AGRICULTURAL SERVICE

The estimate includes proposed changes in the language of this item as follows (new language is underscored; deleted matter enclosed in brackets):

Foreign Agricultural Service

- For necessary expenses for the Foreign Agricultural Service, including carrying out title VI of the Agricultural Act of 1954 (7 U.S.C. 1761-1768) * * * including not to
- 1 exceed /\$35,000/ \$45,000 for representation allowances and for expenses pursuant to section 8 of the Act approved August 3, 1956 (7 U.S.C. 1766), /\$28,895,000/ \$33,805,000: * * *.

This change proposes an increase of \$10,000 in the limitation on representation expenses. Overseas inflation has and continues to boost foreign consumer prices which are directly reflected in representation expenditures. Heretofore, agricultural attaches have managed to economize and live within their representation allowances. However, the cumulative effect of an 8% general inflation increase abroad in FY 1974, a 12% anticipated increase in FY 1975 and a 15% projected increase in FY 1976 have extended the ability of our Service to fund representational activities within our present limitation. The \$10,000 increase in the limitation that we are seeking will not require the appropriation of additional funds.

PUBLIC LAW 480

The estimates include the proposed change in the language of this item as follows (deleted matter is enclosed in brackets).

Public Law 480

For expenses during the current fiscal year, not otherwise recoverable, and unrecovered prior years costs, including interest thereon, under the Agricultural Trade and Development and Assistance Act of 1954, as amended (7 U.S.C. 1701-1710, 1721-1725, 1731-1736d), to remain available until expended, as follows: (1) sale of agricultural commodities for foreign currencies and for dollars on credit terms pursuant to Title I of said Act, [\$425,175,000: Provided, That no more than 10 percent of such amount shall be made available to any one country] \$662,366,000; and (2) commodities supplied in connection with dispositions abroad, pursuant to Title II of said Act, [\$353,298,000] \$673,651,000.

This change in language is for the purpose of deleting the provision included in the Department of Agriculture Appropriation Act, 1975, which limits the amount of appropriation made available to any one country to no more than 10 percent. Since there is little relationship between appropriation levels and program levels, retention of this language in the 1976 Budget would not serve a useful purpose. Further, it would appear that a provision such as this should be handled as a part of the substantive legislation rather than in appropriation language.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Salaries and Expenses

For necessary administrative expenses of the Agricultural Stabilization and Conservation Service, including expenses to formulate and carry out programs authorized by title III of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1301-1393); Sugar Act of 1948, as amended (7 U.S.C. 1101-1161); sections 7 to 15, 16(a), [16(b)], 16(d), 16(e), 16(f), 16(i), and 17 of the Soil Conservation and Domestic Allotment Act, as amended and supplemented (16 U.S.C. 590g-590q); Sections 1001 to 1010 of the Agricultural Act of 1970 as added by the Agriculture and Consumer Protection Act of 1973 [(87 Stat. 221 to 246)]; (16 U.S.C. 1501 to 1510) subtitles B and C of the Soil Bank Act (7 U.S.C. 1831-1837, 1802-1814, and 1816); the Water Bank Act (16 U.S.C. 1301-1311); and laws pertaining to the Commodity Credit Corporation, [\$157,382,000] \$152,053,000: Provided, That, in addition, not to exceed [\$69,695,000] \$72,571,000 may be transferred to and merged with this appropriation from the Commodity Credit Corporation fund (including not to exceed [\$31,177,000] \$32,453,000 under the limitation on Commodity Credit Corporation administrative expenses): Provided further, That other funds made available to the Agricultural Stabilization and Conservation Service for authorized activities may be advanced to and merged with this appropriation: Provided further, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$100,000 shall be available for employment under 5 U.S.C. 3109: Provided further, That no part of the funds appropriated or made available under this Act shall be used (1) to influence the vote in any referendum; (2) to influence agricultural legislation, except as permitted in 18 U.S.C. 1913; or (3) for salaries or other expenses of members of county and community committees established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act, as amended, for engaging in any activities other than advisory and supervisory duties and delegated program functions prescribed in administrative regulations: Provided further, That, notwithstanding any other provisions of law, employees of the Agricultural Stabilization and Conservation County Committees may be utilized for part-time and intermittent assistance to the Farmers Home Administration in carrying out its programs and this appropriation shall be available to finance such intermittent and part-time services [, pending such time as the Agricultural Conservation Program (REAP) is restored as directed by the Congress].

The first change is to delete the authority to incur administrative expenses to operate the Great Plains Conservation Program.

The second change is to add references to the Rural Environmental Conservation Program.

The third change is to replace statutory references that have since been codified.

The fourth change is to delete the provision regarding the restoration of the Agricultural Conservation Program (REAP). The 1976 budget proposes rescission of the authorization for a new 1975 ACP and requests no new authority for the program in 1976. Removing this clause is therefore consistent with the 1976 proposal for ACP.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include proposed deletion of appropriation language as follows:

Sugar Act Program

[For necessary expenses to carry into effect the provisions of the Sugar Act of 1948 (7 U.S.C. 1101-1161), \$85,700,000 to remain available until June 30 of the next succeeding fiscal year.]

This change proposes the deletion of the above language due to the expiration of the Sugar Act on September 31, 1974.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Dairy and Beekeeper Indemnity Programs

For necessary expenses involved in making indemnity payments to dairy farmers for milk or cows producing such milk and manufacturers of dairy products who have been directed to remove their milk or [milk] dairy products from commercial markets because it contained residues of chemicals registered and approved for use by the Federal Government, and to beekeepers who through no fault of their own have suffered losses as a result of the use of economic poisons which had been registered and approved for use by the Federal Government, [\$1,850,000], \$3,350,000 to remain available until expended: Provided, That none of the funds contained in this Act shall be used to make indemnity payments to any farmer whose milk was removed from commercial markets as a result of his willful failure to follow procedures prescribed by the Federal Government.

This change proposes the omission of the word milk and inserting the word dairy to agree with the language in the Agriculture and Consumer Protection Act of 1973.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Agricultural Conservation Program

For necessary expenses to carry into effect the program authorized in sections 7 to 15, 16(a), and 17 of the Soil Conservation and Domestic Allotment Act, approved February 29, 1936, as amended and supplemented (16 U.S.C. 590g-590o, 590p(a), and 590q), and sections 1001-1008, and 1010 of the Agricultural Act of 1970, as added by the Agriculture and Consumer Protection Act of 1973 (16 U.S.C. 1501-1508, and 1510), and including not to exceed \$15,000 for the preparation and display of exhibits, including such displays at State, inter-state, and international fairs within the United States, [\$285,500,000] 1
2 \$33,750,000, to remain available until [December 31 of the next succeeding
3 fiscal year] expended, for compliance with the programs of soil-building and
4 soil-and water-conserving practices authorized under this head in the Acts
making appropriations for Agriculture-Environmental and Consumer Protection
Programs, 1973 and 1974, carried out during the period July 1, [1972] 1973,
to December 31, 1974, inclusive: Provided, That none of the funds herein
appropriated shall be used to pay the salaries or expenses of any regional
information employees or any State information employees, but this shall
not preclude the answering of inquiries or supplying of information at the
county level to individual farmers: Provided further, That no portion of
the funds for the current year's program may be utilized to provide financial
or technical assistance for drainage on wetlands now designated as Wetland
Types 3(III), 4(IV), and 5(V) in United States Department of the Interior,
Fish and Wildlife Circular 39, Wetlands of the United States, 1956: Provided
5 further, That [necessary amounts shall be available for administrative expenses
in connection with the formulation and administration of the 1975 program
of soil-building and soil-and water-conserving practices, including related
wildlife conserving practices, and pollution abatement practices, under the
Act of February 29, 1936, as amended (amounting to \$190,000,000, excluding
administration, except that] no participant shall receive more than \$2,500,
except where the participants from two or more farms or ranches join to carry
out approved practices designed to conserve or improve the agricultural re-
sources of the community[]]: Provided further, That not to exceed 5 percentum
6 of the allocation for the [current year's] program for any county may, on the
recommendation of such county committee and approval of the State committee,
be withheld and allotted to the Soil Conservation Service for services of its
technicians in formulating and carrying out the Agricultural Conservation
Program in the participating counties, and shall not be utilized by the Soil
Conservation Service for any purpose other than technical and other assistance
in such counties, and in addition, on the recommendation of such county
committee and approval of the State committee, not to exceed 1 per centum
7 may be made available to any other Federal, State, or local public agency for
the same purpose and under the same conditions: Provided further, That [for
the current year's program \$2,500,000 shall be available for technical
assistance in formulating and carrying out rural environmental practices:
Provided further, That] such amounts shall be available for the purchase of
seeds, fertilizers, lime, trees, or any other farming material, or any soil-
terracing services, and making grants thereof to agricultural producers to
aid them in carrying out farming practices approved by the Secretary under
programs provided for herein: Provided further, That no part of any funds
available to the Department, or any bureau, office, corporation, or other
agency constituting a part of such Department, shall be used in the current
fiscal year for the payment of salary or travel expenses of any person who
has been convicted of violating the Act entitled "An Act to prevent pernicious
political activities", approved August 2, 1939, as amended, or who has been

found in accordance with the provisions of Title 18 U.S.C. 1913, to have violated or attempted to violate such section which prohibits the use of Federal appropriations for the payment of personal services or other expenses designed to influence in any manner a Member of Congress to favor or oppose any legislation or appropriation by Congress except upon request of any Member or through the proper official channels. (Agriculture-Environmental and Consumer Protection Appropriation Act, 1975.)

The first change decreases the appropriation request to \$33,750,000, for liquidation of the remaining increments of the 1974 long-term agreements.

The second change deletes reference to fiscal year.

The third change requests a no-year appropriation to remain available until expended

The fourth change updates reference to fiscal year.

The fifth change deletes the forwarding authorization.

The sixth change deletes reference to current year's program.

The seventh change deletes reference to amount available to Soil Conservation Service for technical assistance

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include proposed deletion of appropriation language as follows:

Water Bank Program

[For necessary expenses to carry into effect the provisions of the Water Bank Act (16 U.S.C. 1301-1311), \$10,000,000, to remain available until expended.]

This change proposes the deletion of the above language since no program is proposed for fiscal year 1976.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include proposed deletion of appropriation language as follows:

Forestry Incentives Program

[For necessary expenses, not otherwise provided for, to carry out the program of forestry incentives, as authorized in sections 1009 and 1010 of the Agricultural Act of 1970, as added by the Agriculture and Consumer Protection Act of 1973 (16 U.S.C. 1509-1510) including technical assistance and related expenses, \$25,000,000, to remain available until expended.]

This change proposes the deletion of the above language as no program is proposed for Fiscal Year 1976.

COMMODITY CREDIT CORPORATION

Federal Funds

Reimbursement for Net Realized Losses

The estimates include proposed changes in the language as follows (deleted matter in brackets):

- To reimburse the Commodity Credit Corporation for net realized losses sustained in prior years, but not previously reimbursed, pursuant to the Act of August 17, 1961 (15 U.S.C. 713a-11, 713a-12),
- 1 [\$4,069,412,000: Provided, That no funds appropriated by this Act shall be used to formulate or administer programs for the sale of agricultural commodities pursuant to title I of Public Law 480, 83rd Congress, as amended, to any nation which sells or furnishes or which permits ships or aircraft under its registry to transport to North Vietnam any equipment, materials, or commodities so long as North Vietnam is governed by a communist regime.] \$2,939,054,000.

The proposed change in language would delete the prohibition of Public Law 480 sales for foreign currencies or for dollars on credit terms, to nations which supply or transport goods to North Vietnam. The Department feels the provision is repetitive and unnecessary since this prohibition is contained in Public Law 89-808, the Food for Peace Act of 1966, as amended.

COMMODITY CREDIT CORPORATION

The estimates include proposed changes in the language as follows:
(new language underscored; deleted matter enclosed in brackets).

LIMITATION ON ADMINISTRATIVE EXPENSES

Not to exceed [\$38,000,000] \$39,400,000 shall be available for administrative expenses of the Commodity Credit Corporation: Provided, That \$945,000 and such other sums as are necessary of this authorization shall be available only to expand and strengthen the sales program of the Corporation pursuant to authority contained
1 in the Corporation's charter [and that such funds shall be used for an agency to carry out the above activities headed by a Sales Manager who shall report directly to the Secretary or Under Secretary of Agriculture]: Provided further, That not less than 7 per centum of this authorization shall be placed in reserve to be apportioned pursuant to section 3679 of the Revised Statutes, as amended, for use only in such amounts and at such times as may become necessary to carry out program operations: Provided further, That all necessary expenses (including legal and special services performed on a contract or fee basis, but not including other personal services) in connection with the acquisition, operation, maintenance, improvement, or disposition of any real or personal property belonging to the Corporation or in which it has an interest, including expenses of collections of pledged collateral, shall be considered as nonadministrative expenses for the purposes hereof.

The change would delete the requirement for a Sales Manager reporting directly to the Secretary of Agriculture. In accordance with the 1975 appropriation language the Secretary of Agriculture established, on December 6, 1974, the Office of the Sales Manager headed by an independent Sales Manager who reports directly to the Secretary. Since the action required by the 1975 language has been taken, continuation of the language in FY 1976 is unnecessary.

FARMERS HOME ADMINISTRATION

The estimates include proposed changes in the language of these items as follows (new language is underscored; deleted matter enclosed in brackets):

Rural Development Grants

For grants pursuant to section 310B(c) of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1932), [~~\$13,750,000~~] \$10,000,000 to remain available until expended.

This change would provide the authorization to allow the appropriated funds to carry forward, thereby permitting planned programs to proceed in the event they may not have commenced by the end of the year.

Rural Water and Waste Disposal Grants

For grants pursuant to sections 306(a)(2) and 306(a)(6) of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1926), \$150,000,000 to remain available until expended, pursuant to section 306(d) of the above Act, of which \$120,000,000 shall be derived from the unexpended balance of amounts appropriated under this head in the fiscal year 1974, largely to meet the expanding need for areas not now covered.

This change would delete the language relating to the unobligated balance of a prior year appropriation.

It is expected that all unobligated balances will be used in fiscal year 1975. Further, any unobligated balances would be available in the next fiscal year.

Rural Housing for Domestic Farm Labor

For financial assistance to public nonprofit organizations for housing for domestic farm labor, pursuant to section 516 of the Housing Act of 1949, as amended (42 U.S.C. 1486), \$5,000,000, to remain available until expended.

This change would delete the language contained in the Agriculture-Environmental and Consumer Protection Appropriation Act, 1975, P.L. 93-563, approved December 31, 1974.

No funds are being requested for fiscal year 1976, since such needs can best be served by other programs.

Mutual and Self-Help Housing

For grants pursuant to section 523 (b)(1)(A) of the Housing Act of 1949 (42 U.S.C. 1490c), \$5,000,000, to remain available until expended.

This change would delete the language contained in the Agriculture-Environmental and Consumer Protection Appropriation Act, 1975, P.L. 93-563, approved December 31, 1974.

No program is planned for fiscal year 1976, since the grants plus the subsidy cost of the associated loans has resulted in high unit costs to the Government without corresponding benefits to those aided.

Salaries and Expenses

For necessary expenses of the Farmers Home Administration, not otherwise provided for, in administering the program authorized by the Consolidated Farm and Rural Development Act (7 U.S.C.

1. 1921-1992), as amended; title V of the Housing Act of 1949, as amended (42 U.S.C. 1471-~~1490d~~/ 1490g); The Rural Rehabilitation Corporation Trust Liquidation Act, approved May 3, 1950 (40 U.S.C. 440-444), for administering the loan program authorized by title IIIA of the Economic Opportunity Act of 1964 (Public Law 88-452,
2. approved August 20, 1964), as amended, and such other programs for which Farmers Home Administration has or acquires the responsibility for administering, /\$127,902,000/ \$142,850,000, ***: Provided further, That no part of any funds in this paragraph may be used to administer a program which makes rural housing grants pursuant to section 504 of the Housing Act of 1949, as amended.

The first change updates the U.S. code citation as a result of the Housing and Community Development Act of 1974, Public Law 93-383, approved August 22, 1974.

The second change is to clarify the availability of Salaries and Expenses appropriation for administering the Emergency Livestock Credit Act of 1974, Public Law 93-357, approved July 25, 1974, 88 Stat. 391; and to avoid confusion in the future for new programs that are enacted prior to the passage of an appropriation act providing Salaries and Expenses funds for the administering of such new programs.

Rural Community Fire Protection Grants

/For grants pursuant to section 404 of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 2654), \$3,500,000 to fund 50 per centum of the cost of organizing, training, and equipment for rural volunteer fire departments./

This change would delete the language contained in the Agriculture-Environmental and Consumer Protection Appropriation Act, 1975, P.L. 93-563, approved December 31, 1974.

This is consistent with the President's recommendations to Congress to hold down Government spending.

Adequate credit assistance to provide fire fighting equipment under this program is available at reasonable interest rates and terms through the community facilities loan program of this Agency. In addition, the Forest Service makes surplus fire fighting equipment available to rural communities.

SOIL CONSERVATION SERVICE

The estimates include proposed changes in the Language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Conservation Operations

- ****Provided, That the cost of any permanent building purchased, erected, or as improved, exclusive of the cost of constructing a water supply or sanitary system and connecting the same to any such building and with the exception of buildings acquired in conjunction with land being purchased for other purposes,
- 1 shall not exceed [~~\$2,500~~] \$5,000, except for one building to be constructed at
 - 2 a cost not to exceed ~~\$25,000~~ \$50,000 and eight buildings to be constructed or
 - 3 improved at a cost not to exceed [~~\$15,000~~] \$30,000 per building and except that
 - 4 alterations or improvements to other existing permanent buildings costing [~~\$2,500~~]
 - 5 \$5,000 or more may be made in any fiscal year in an amount not to exceed [~~\$500~~]
- \$1,000 per building: Provided further,****

These changes would increase the cost limitations for purchase, construction, alteration, and improvement of permanent buildings. The present cost limitations have remained unchanged since 1937, while building materials and labor costs have increased substantially. The proposed changes in limitations are necessary to construct and maintain the buildings needed.

FOOD AND NUTRITION SERVICE

The estimates include proposed changes in the Language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Child Nutrition Programs

For necessary expenses to carry out the provisions of the National School Lunch Act, as amended (42 U.S.C. 1751-1761): Public Law 91-248 and the applicable provisions other than section 3 of the Child Nutrition Act of 1966, as amended (42 U.S.C. 1773-1785); [~~\$1,294,630,000~~] \$1,412,091,000, of which [~~\$641,601,000~~] \$672,786,000 shall be derived by transfer from funds available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c): Provided, That of the foregoing total amount there shall be available \$28,000,000 for the nonfood assistance program, and \$6,700,000 for the State administrative expenses [, and \$25,000,000 for special food service programs for children]: Provided further, That funds provided herein shall remain available until expended in accordance with section 3 of the National School Lunch Act, as amended: Provided further, That no part of this appropriation shall be used for nonfood assistance under section 5 of the National School Lunch Act, as amended: Provided further, That an additional \$64,325,000 shall be transferred to this appropriation from funds available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), for purchase and distribution of agricultural commodities and other foods pursuant to section 6 of the National School Lunch Act, as amended: Provided further, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$75,000 shall be available for employment under 5 U.S.C. 3109.

This change deletes language providing for the special food service program for children. The authorizing legislation for this program will expire June 30, 1975. The 1976 budget does not presume an extension of the authority for this program because needy children now receiving meals under the special food service program (also known as nonschool food program) can have their nutritional needs met in their homes through the Food Stamp Program and the proposed block grant program will provide funds to States to feed needy children on a year-round basis.

FOOD AND NUTRITION SERVICE

The estimates include proposed changes in the language of this item as follows
(deleted matter enclosed in brackets):

[Special Milk Program]

[For necessary expenses to carry out the provisions of the special milk program,
as authorized by section 3 of the Child Nutrition Act of 1966, as amended
(42 U.S.C. 1772), \$120,000,000.]

This change deletes language appropriating funds for the special milk program. An
explanation is included in the Increases and Decreases section of the explanatory
notes (page 235 of volume 3).

FOOD AND NUTRITION SERVICE

The estimates include proposed changes in the Language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Food Stamp Program

For necessary expenses of the food stamp program pursuant to the Food Stamp Act of 1964, as amended [\$3,989,785,000] \$3,453,000,000: Provided, That funds provided herein shall remain available until expended in accordance with Section 16 of the Food Stamp Act of 1964, as amended: Provided further, That this appropriation shall be available for employment pursuant to the second sentence of Section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$100,000 shall be available for employment under 5 U.S.C. 3109: Provided further, That no part of the funds appropriated by this Act shall be used during the fiscal year ending June 30, [1975] 1976 to make food stamps available to any household, to the extent that the entitlement otherwise available to such household is attributable to an individual who: (i) has reached his eighteenth birthday; (ii) is enrolled in an institution of higher education; and (iii) is properly claimed as a dependent child for Federal income tax purposes by a taxpayer who is not a member of an eligible household: Provided further, That funds provided herein shall be expended in accordance with section 15(b) of the Food Stamp Act of 1964, as amended.

This change continues the language that bars food stamps to students 18 or over whose parents claim them as tax dependents.

FOOD AND NUTRITION SERVICE

The estimates include proposed changes in the language which add the following new program (new language is underscored):

Food donations program: For necessary expenses to carry out the provisions of Section 4(a) of the Agriculture and Consumer Protection Act of 1973, as amended (7 U.S.C. 612c), \$5,839,000.

The proposed language would appropriate \$5,839,000 from the general fund of the Treasury to maintain the traditional level of commodity assistance to Indians pending their transition to the food stamp program. This request for general funds is made under Section 4(a)(2) of the Agriculture and Consumer Protection Act of 1973.

GENERAL PROVISIONS

Section 501: Provides authority for the purchase, replacement, and hire of passenger motor vehicles. The following changes are proposed in this section for 1976 (new language underscored; deleted matter enclosed in brackets):

- 1 Sec. 501. Within the unit limit of cost fixed by law, appropriations and
2 authorizations made for the Department of Agriculture for the fiscal year
3 1976 under this Act shall be available for the purchase, in addition to
4 those specifically provided for, of not to exceed [seven hundred and sixty-
5 five (765)] nine hundred and eleven (911) passenger motor vehicles, of which
6 [five hundred and thirty-five (535)] five hundred and seventy-seven (577)
7 shall be for replacement only, and for the hire of such vehicles.

The first change adds language making this portion of the General Provisions applicable only to fiscal year 1976. This change is necessary because the Act will also contain language for passenger motor vehicles for the transition period which is different from that for fiscal year 1976.

The second and third changes increase the number of passenger motor vehicles to be acquired in fiscal year 1976. The estimates propose the acquisition of 911 passenger motor vehicles. Of this amount 577 would be acquired to replace existing vehicles and 334 would be purchased without exchange of passenger motor vehicles.

Of the 334 vehicles to be acquired without exchange, 325 are for the Soil Conservation Service and 9 are for the Foreign Agricultural Service.

Of the 325 additional vehicles for the Soil Conservation Service, 300 are to replace light trucks and 25 are needed in connection with the staffing of 25 new Resource Conservation and Development Projects authorized in fiscal year 1975.

The 9 additional vehicles for the Foreign Agricultural Service consists of 7 passenger motor vehicles needed to replace vehicles in the light truck class which are no longer needed at overseas posts due to better road conditions. The remaining two vehicles will be assigned to Agricultural Attaches, one in Rome, Italy and the other in Vienna, Austria.

All of the 577 passenger motor vehicles to be replaced will be at least six years old or will have mileage in excess of 60,000 miles at the time of disposal, with the exception of a limited number which may become damaged beyond economical repair as the result of accidents or operation over unimproved rural roads or other adverse conditions. More detailed explanation of the need for motor vehicle acquisitions appear in the justifications for the agencies involved.

Section 502: Provides that funds available to the Department of Agriculture shall be available for uniforms or allowances therefore as authorized by law (5 U.S.C. 5901-5902).

Section 503: Prohibits the Department from issuing any prediction or forecast with respect to future prices or price trends on cotton, except as to damage threatened or caused by insects or pests.

Section 504: Prohibits the Department from purchasing twine manufactured from commodities or materials produced outside the United States except to provide materials required in or incident to research or experimental work where no suitable domestic product is available.

Section 505: Provides that not less than \$1,500,000 of the appropriations of the Department for research and service work authorized by the Acts of August 14, 1946, July 28, 1954, and September 6, 1958 (7 U.S.C. 427, 1621-1629; 42 U.S.C. 1891-1893), shall be available for contracting in accordance with these Acts.

Section 506: Provides that no part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein. The following change is proposed in this section for 1976:

[Sec. 506. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.]

This change deletes language providing that any appropriation contained in the Act shall not be available for obligation beyond June 30, 1976, unless expressly provided therein. P. L. 93-554, Section 204, extends the availability of the 1976 appropriation for obligation to September 30, 1976.

Section 507: Provides that no part of any appropriation in this Act shall be used to make production or other payments to a person, persons, or corporations who harvest or knowingly permit to be harvested for illegal use, marihuana or other prohibited drug-producing plants on lands owned or controlled by such persons or corporations. The following change is proposed in this section for 1976:

Sec. [507] 506. No part of the funds contained in this Act ***

This change reflects the renumbering of this section due to the deletion of Section 506.

Section 508: Provides authority to use appropriations to made advances to heads of field parties. The following change is proposed in this section for 1976:

Sec. [508] 507. Advances of money from any appropriation for the Department of Agriculture may be made by authority of the Secretary of Agriculture to chiefs of field parties.

This change reflects the renumbering of this section due to the deletion of Section 506.

Section 509: Provides that the appropriations in this Act shall not be available to pay to the Administrator of the General Services Administration in excess of 90 percent of the standard level user charge for space and services. The following change is proposed in this section for 1976:

[Sec. 509. No part of any appropriation contained in this Act shall be available for paying to the Administrator of the General Services Administration in excess of 90 percent of the standard level user charge established pursuant to Section 210(j) of the Federal Property and Administrative Services Act of 1946, as amended, for space and services.]

This change deletes the language limiting the payment to the General Services Administration for space rental to 90 percent of the standard level user charge. The language was added by Congress in the 1975 Appropriation Act because it believed that the rental rates charged by GSA were excessive. Since that time, GSA has revised and restructured its rental rates and we feel that the 90 percent limitation is no longer necessary.

